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Pensions & Investment Age

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DOL declares war on misuse of assets

Fund use in takeovers spurs action

By Joel Chernoff

WASHINGTON—The Department of Labor has declared it will crack down on the misuse of pension plan assets in corporate takeovers.

In the past two years, a number of companies, including Grumman Corp., Harper & Row Publishers Inc. and Bendix Corp., have taken actions involving their pension funds to forestall or attempt to forestall attempted takeovers.

With non-insured private plans holding at least 11.5% of all corporate stock (according to Federal Reserve estimates) and that share promising to grow steadily, the department believes it had better assert itself now.

In its lone major victory to date, the department obtained a strongly worded preliminary injunction against Grumman trustees for directing the company's pension fund to buy up company stock to help avert a takeover by LTV Corp. That case is now being tried on its merits.

More recently, it accused Dallas investor Harold Simmons with directing the investments of a host of funds to gain control over other companies (*for details on the suit, see page 4*).

Responding to a situation that Labor Secretary Raymond J. Donovan himself has made a priority, the department has developed two broad policies to deal with some—but hardly all—of the issues raised.

Both policies concern plans that hold employer stock and must decide whether to tender the shares to an aggressor company.

One policy holds the fiduciary must consider the merits of a decision to sell and cannot hide behind plan provisions forbidding or restricting sale.

The second says fiduciaries can't avoid their responsibilities by turning over the investment decision to plan participants.

"The department cannot eat

Continued on page 48

Did overfunding sweeten bid?

Occidental ends 4 plans to reduce takeover debt

By Nancy Webman

LOS ANGELES—Occidental Petroleum Corp.'s decision to terminate four pension plans and use the excess assets to reduce the company's debt indicates a growing trend in the use of pension assets as a corporate finance tool.

Occidental announced last week that it is terminating three of its and one of Cities Service Co.'s pension plans for salaried employees, and is using about $250 million in excess assets to reduce the debt Occidental incurred when it took over Cities Service last year, a takeover that carried a $4 billion price tag.

What sets this apart from similar terminations and reversions is Occidental's use of the pension assets of the acquired company to lessen the financial hardship resulting from the takeover.

Although company officials deny it, those familiar with the takeover say the overfunded Cities Service plan was at least a sweetener in Occidental's decision to acquire the Tulsa, Okla., company.

They point to the amount of Cities Service pension assets that will revert to Occidental as proof that the overfunding was a consideration.

Documents filed with the Pension Benefit Guaranty Corp. by Occidental show $150 million—or 60%—of the $248 million in excess assets that will revert to Occidental will come from the $462 million Cities Service Co. Salaried Retirement Income Plan, which is being terminated.

The Cities Service pension fund accounts for 63% of the $726.5 million in assets of the four plans to be terminated.

However, two Occidental officials—Melvyn Gilman, assistant treasurer, and Frank Ashley, direcor of communications—said the Cities Service pension assets played no role in their company's takeover decision.

Mr. Ashley said the takeover was prompted by Cities Service's "domestic reserves and how they fit into our long-range plans." He said the decision to terminate the four plans and set up a defined contribution plan in their place was made for "consolidation in the oil and chemical area. We had to have uniformity to move people around."

But pension attorney Leon Irish contends strategists now look for overfunded pension plans when evaluating possible takeover targets.

Mr. Irish said being overfunded increases the exposure to takeover because the excess assets are viewed as prime sources for reducing debt and boosting net income. (Conversely, some companies have had to pump money into underfunded pension plans to make the companies more attractive to potential buyers.)

Occidental has asked for PBGC and Internal Revenue Service approval to terminate the plans June 1. At least seven other pension funds, most of them Cities Service's, will remain untouched.

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Advisers sell AMC stock contributed by company

By Kimberly Blanton

SOUTHFIELD, Mich.—Investment managers of the American Motors Corp. pension fund sold 1.987 million shares of an AMC stock contribution to two investment banking firms.

Five of the AMC fund's managers sold the shares at a bid from the investment bankers of $10 per share after brokerage commissions, for a total of $19.87 million.

The share price received for the block was almost double their value when the contribution was made.

Lazard Freres & Co. and Lehman Brothers Kuhn Loeb Inc., underwriters for the original public offering, purchased the shares.

The shares the managers sold were part of a 3.3 million-share contribution the automaker made to its $300 million fund in April. The entire 3.3 million-share contribution was valued at $17.6 million, or $5.425 per share.

AMC's Fromm: share price doubled

The stock contribution supplemented AMC's $57 million 1982 contribution, which typically is made in cash.

Chase Investment Management Corp. sold the largest amount of AMC stock, 1 million shares; Morgan Guaranty Trust Co. sold 468,000 shares; BA Investment Management Corp., 319,000 shares; U.S. Trust Co. of New York, 150,000 shares; and Fayez Sarofim & Co., 50,000 shares.

The amount of stock AMC placed

Continued on page 49

Asbestos claims fund may get Manville assets

By Nancy Webman

DENVER—Creditors apparently are pressing Manville Corp. to use excess pension assets to help finance an asbestos damage claim fund.

The large number of asbestos damage claims against the company was largely responsible for Manville's Chapter 11 reorganizing filing last fall.

Under the proposal, the company's four pension plans likely would be terminated and the excess assets put in the coffers of a $1.6 billion asbestos claim fund, sources said.

The proposed reorganization calls for spinning off Manville's non-asbestos operations into a new company. This new company would pump some money into the fund to pay the asbestos injury and disease claims.

Although no one will confirm or deny it, the proposal to use the excess assets to help pay asbestos claims seems to have originated with the creditors, and not with Manville.

Attorneys for the creditors said Manville "is not pleased" that the creditors "discovered" the overfunding.

Earlier media accounts said up to $200 million in excess pension plan assets was to go into the asbestos claim fund. However, Manville officials will not discuss the subject, except to say that those earlier media accounts of the amount of the pension plan overfunding they would use for the claims "are wrong."

A Manville spokesman said no specifics will be released until a formal reorganization plan is drafted or until the bankruptcy court permits the company or the creditors to release the numbers.

Although it is not known how much of the pension assets would

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Late news

PBGC pilot program

LOS ANGELES—The Pension Benefit Guaranty Corp. is expected to start a "pilot program" with Leland O'Brien Rubinstein Associates July 1 that will test a portfolio protection or "portfolio insurance" strategy.

The Los Angeles-based firm would design the strategy to meet the "PBGC's unique requirements," according to a firm spokesman.

No one from the PBGC was available to confirm the program or give further details.

DOL shakeup seen

WASHINGTON—Labor Department officials are considering folding parts of the pension program into a labor-management program, downgrading the U.S. pension administrator's post and eliminating 50 of 209 positions in the national office, government sources confirmed.

The changes "would severely damage the program," according to one pension attorney, and could conceivably damage the fiduciary standards area.

According to sources, Ronald St. Cyr, acting assistant secretary for labor-management standards administration, which oversees the pension program, unveiled the plans at a meeting in New Orleans. Pension program personnel were excluded from the meeting.

Mr. St. Cyr's office declined to comment. However, some doubt little will change until a new head of the labor-management program is named.

Sources say several candidates are being considered.

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FMPJ
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PI
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WASHINGTON DC 20014

New challenge to management

Pension funds are big guns in corporate proxy battles

By Steve Hemmerick

LOS ANGELES—Management's loss to dissident Superior Oil Co. shareholders highlights the growing trend among institutional shareholders to flex their muscles—often against management—in proxy fights.

The trend could mean corporate managements will find themselves increasingly under not only a more critical eye but a more sophisticated one that is often interested primarily in bottom-line performance.

Managements will be under a more sophisticated eye, one interested primarily in the bottom line

In the Superior Oil fight, institutions were strong supporters of a resolution requiring that acquisition offers for more than 45% of Superior's shares be examined by a committee of three outside directors. It was presented by Willametta Keck Day, daughter of the founder of the oil company, and opposed by management.

Superior Oil said the resolution apparently has won approval.

Among those supporting the resolution were the Maryland State Retirement Systems, which held 231,700 shares, and the North Carolina Retirement System, which voted its nearly 250,000 shares in favor of the proposal, according to directors of those pension systems. An executive with CMB Investment Counselors said his firm voted an undisclosed number of Superior Oil shares with Ms. Day.

Other institutions reportedly voting for the resolution were United States Steel pension fund, Morgan Guaranty Trust Co., Eberstadt Asset Management, Citibank, Wells Fargo Bank and the College Retirement Equity Fund.

Other proxy fights have seen institutions lined up against management as well.

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Atlantic Financial is sued by investors over losses

By Pavan Sahgal

BOSTON—Three employee benefit funds and other investors are suing Boston-based Atlantic Financial Management, charging it was responsible for the loss of between $4 million and $10 million.

The pension or profit-sharing funds of Star Textile & Research Inc. of Albany, N.Y., Unitrode Corp., Lexington, Mass., and Robert Half of Boston Inc. and its affiliates in Rhode Island, Connecticut and New York are in the group of investors bringing the suits, which now number 11.

The brokerage firm of A.G. Becker and Atlantic Financial's brokerage affiliate also have been named in the suits.

Atlantic Financial, one of the best performing managers of 1981, had about $100 million under management about a year ago. As of March 31, 1983, its total assets under management were less than $3 million, for about 15 accounts.

In the suits, the investors claim Atlantic Financial invested an excess amount of their assets in AZL Resources, an oil stock, as a result of which they suffered losses.

A.G. Becker was named in the suits because, the plaintiffs charge, it should have been aware of the activities of Atlantic Financial and reported them to the investors.

Becker has moved to dismiss the claims against it. The brokerage firm claims the case involves action against an investment adviser and that it did not engage in any activities other than those "customarily performed by clearing brokers."

Meanwhile, the Massachusetts Securities Division has brought proceedings against Atlantic Financial Management; its brokerage affiliate Tuton, DiIanni & Draizin; its three principal officers Robert DiIanni, Edward H. Tuton and Stephen S. Draizin; and a research analyst, Richard Keim. Mr. Keim no longer works at the firm.

"We think investors were defrauded, and we are going to prove it," said James M. Carabina, chief enforcement counsel for the securities division.

In a telephone interview with *Pensions & Investment Age*, Mr. DiIanni disputed the charges in the suits.

"My contention in all this is that our clients knew about it because you cannot buy the number of shares that we bought over a couple of years' time without anybody knowing about it but me," he said.

"Obviously there are confirmation statements, brokerage reports and quarterly reports that go out.

"But more importantly, and the key item in all this that people don't bring out for obvious reasons, is that I believe everybody was made aware of the concentrated position. And not only were they made aware of it, but they were told that this was an extraordinary kind of act on our part, that it was not a normal way of procedure,

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Directory

Pensions & Investment Age has mailed out questionnaires for its directory of Canadian investment management firms.

The directory, which will appear in the July 25 issue, includes asset amounts managed by each firm and a description of each firm's investment management style.

The listing is designed for Canadian pension funds and for U.S. pension executives with responsibilities for the investment operations of their Canadian subsidiaries.

Any Canadian investment firm that has not yet received a questionnaire and wishes to be included should call **Michael Clowes**, editor, at **(212) 210-0121**.

Deadline: June 20, 1983

Late news

Continued from page 1

Statute struck down

SAN FRANCISCO—A federal appeals court has ruled the retroactive provisior of the Multiemployer Pension Plan Amendments Act is unconstitutional.

In the first appellate ruling on the issue, the 9th Circuit Court of Appeals said the act violated "due process" rules.

The provision requires withdrawal liability payments from employers who left underfunded multiemployer plans between April 29, 1980 and Sept. 26, 1980, when the bill was signed.

Armco to give stock

MIDDLETOWN, Ohio—Armco Inc. filed on May 24 with the Securities and Exchange Commission to make a contribution of 1 million shares of cumulative, convertible, preferred stock to its pension fund to supplement its usual cash contribution, a spokesman confirmed.

The steel company has not yet decided on the terms of the stock to be contributed, including yield, rate of conversion to common and price, the spokesman said.

Goldman Sachs & Co. will consult the firm, and is considering a value of $50 per share, or $50 million total.

Legislation pending

AUSTIN, Texas—Legislation to reduce temporarily the state's contribution to the Teacher Retirement System of Texas has passed the House and is expected to clear the Senate as well.

Supporters say the state will save $220 million in the next two years by reducing the state contribution from 8.5% to 7.1% of payroll. Employee contributions also will be lowered.

In the process, the system's amortization period will increase to 26 years from 17.

Security Asset closes

NEW YORK—Security Asset Management, formerly Hedged Portfolio Advisors, closed its doors and liquidated accounts in early May, according to Robert Brewer, senior vice president of Security Asset Management. Mr. Brewer and John Victor, another Security Asset professional, have formed Security Capital Management, which will offer risk-controlled fixed-income products.

Global firm started

HARTFORD, Conn.—Aetna-Montagu Asset Managment was registered as an investment adviser with the Securities and Exchange Commission on May 16.

Utah state allocates

SALT LAKE CITY—The $1.5 billion Utah State Retirement System allocated $50 million to Atalanta/Sosnoff Capital Corp., New York, for equities and $50 million to an in-house equity fund, according to Dan W. Smith, investment officer. In addition, Wasatch Advisors, Salt Lake City, received $20 million for equities in April. The funds came from TCW Asset Management Co., Los Angeles and Eagle Management & Trust Co., Houston, which were dropped in February.

Money movers ...

• MILWAUKEE—The $204 million Wisconsin Electric Power Co. pension fund has hired Lehman Management Co., New York, as an active bond manager for $23 million, according to Gordon Willis, assistant treasurer.

• FAIRFIELD, Conn.—The Common Fund has selected Capital Guardian Trust Co., Los Angeles, Rowe-Price Fleming and Grantham, Mayo, Van Otterloo, Boston, to run a $25 million pooled international equity fund, according to George F. Keane, president. The Common Fund pools $1.235 billion for investment on behalf of college endowment funds.

• BALTIMORE—The nearly $700 million Marine Engineers Beneficial Association pension fund has hired Lazard Freres Asset Management to manage $100 million in U.S. securities. Kleinwort, Benson International Investment Ltd., London, was hired to invest $40 million in international markets outside the United States.

• COCKEYSVILLE, Md.—Easmet, a stainless steel manufacturer, appointed Continental Illinois National Bank and Trust Co. of Chicago to serve as master trustee of the corporation's five employee benefit plans totaling $25 million, according to Harvey M. Rosenfeld, vice president and manager of the bank's employee benefit plans division.

People changes ...

• NEW YORK—P. Don Lattimer, senior vice president and chief investment officer for Chase Investors Management Corp., is leaving the bank to become a partner in Crossroads Capital, a venture capital limited partnership.

• CHICAGO—Anthony P. Wilson has left Continental Illinois National Bank and Trust Co. after only a few months in his position as vice president, business area and head and sales manager for employe benefit managed accounts. His plans are undecided.

Raymond O. Wicklander Jr., a vice president in the personnel department, will replace him.

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DOL halts publication

Social investing issue blasted in new study

By Joel Chernoff

WASHINGTON—A new controversial study commissioned by the Department of Labor—and later withdrawn by it—broadly condemns social investing practices while lashing out at the nations' unions.

The study states that in addition to being illegal under the pension law, social investing practices encourage investment in non-efficient businesses, distort capital markets and are sought as tools by unions.

The study says social investing eventually could lead to the socialization of private pension funds or turn the United States into " 'a highly centralized corporate state' dominated by the officialdom of the AFL-CIO and its member-unions."

The study drew angry responses from the AFL-CIO, and it was withdrawn before it was released officially.

"This study is basically an anti-

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International

U.S. Trust top fund with 8.5%

By Ivy Schmerken

NEW YORK—U.S. Trust Co.'s international equity fund earned an 8.5% rate of return for the quarter ending March 31, beating all bank international commingled funds measured by Pensions & Investments' Performance Evaluation Report.

U.S. Trust also beat the Capital International's Europe Australia Far East index, which earned a 5.9% return during the first quarter; for the year ending March 31, it returned 29.6%.

Centerre Trust Co.'s international Fund W earned second place for the latest quarter, with a 7.5% return; its yearly showing was also in second place, at 32%. The St. Louis bank retains Morgan Grenfell Investment Services Ltd. to manage the fund from London.

First National Bank of Chicago's dollar fixed-income fund and Chase Manhattan Bank's global equity fund tied for third with 5.9% returns during 1983's first quarter.

However, First of Chicago's fund was the top performer of all pooled foreign funds for the year ending March 31, with a 33.2% return, double 18.6% return scored by the Capital International EAFE index. The First of Chicago fund invests in dollar-denominated Eurobonds and Yankee bonds.

Morgan Guaranty's dollar fixed-income fund also performed well for the year, with a 31.4% return, the third-highest; for the quarter, it returned 3.5%.

Other fixed-income funds did not fare as well.

First of Chicago's non-dollar fund earned -0.7%, followed by Bank of America's international fixed-income fund with -1.4%; Citibank's foreign fixed income fund, -2.4%; and Morgan Guaranty Guaranty's non-dollar fixed income fund, -2.6%. The same funds earned positive double-digit returns for the year. For the 12 months ended March 31, Morgan Guaranty's earned 21.1%; First of Chicago's non-dollar fixed-income fund earned 15.7%; Bank of America, 13.2%; and Citibank, 11.1%.

Other international equity fund returns for the quarter were Citibank, 5.2%; Fidelity Management Trust's equity fund, 4.5%; Morgan Guaranty Trust Co.'s equity fund, 4.4%; First of Chicago's equity fund, 4.1%; Bank of America's equity fund, 3.5%; and Crocker National Bank's equity fund, 3.4%. For the year, international equity fund returns were Morgan Guaranty, 25.6%; First of Chicago, 23.4%; Citibank, 23.3%; Chase Manhattan, 19.1%; Bank of America, 13.6%; and Crocker National Bank, 8%.

P.I.P.E.R. ranks the returns of 17 international equity and fixed-income funds run by 11 institutions. Because of the

Continued on page 31

$7.7 billion in foreign stocks

$10.9 billion invested overseas

NEW YORK—U.S. tax-exempt institutions invested $10.9 billion in international markets through 90 U.S.- and foreign-based investment advisers as of Jan. 1, 1983.

According to a survey by *Pensions & Investment Age*, almost $7.7 billion of the total that sailed overseas was put into foreign equities, while about $2.8 billion was held in foreign bonds. The remainder was in cash and other investments.

The top 20 investment managers managed a little more than $9 billion in international assets for U.S. tax-exempt clients, a 23% increase from the $7.3 billion reported last year.

The increase indicated a substantial slowdown in the growth of assets moving overseas. During the previous year, international assets grew 46%; the year before that, the increase was 60%.

The international investment managers profiled were asked to list the five foreign markets in which they had their equity assets most heavily invested as of March 31, and to give the equity commitment to each.

Of the 56 firms that identified the countries in which they were invested most heavily, 54 listed Japan as receiving the greatest concentration of the assets.

The average commitment to Japan by these firms was 38% of their assets invested overseas, down 2% from the previous year.

Great Britain came in second on the international managers' lists of favorites: 47 managers had commitments in the United Kingdom with the average commitment at 13.3%.

The Netherlands attracted the investment attention of 45 managers, but the average commitment was only 9.7%.

Investments in Germany were made by 44 international managers; the average commitment was 12.8%.

Similarly, the 11 managers with investments in Canada had committed an average of 12.8% of their assets to the Canadian markets.

Twenty-three managers committed an average of 7.5% of their assets to Switzerland, while 12 managers committed an equal percentage to Australia; 12 committed 7.6% of their assets to Hong Kong.

Only nine managers had commitments in Sweden, averaging 7.1%; four had commitments to France, with the average at 7.2%; three committed an average of 6% to Hong Kong; and two committed an average of 48% to South Africa.

Top 20 Overseas Advisers

Rank	Asset Manager	1983 U.S. tax-exempt assets ($ millions)
1.	Fiduciary Trust Co.	1,700
2.	Morgan Guaranty Trust Co.	1,500
3.	TIAA/CREF	1,279
4.	G.T. Capital Management	534
5.	State Street Bank & Trust Co.	422
6.	Morgan Grenfell Investment Services	389
7.	Putnam International Advisors	377
8.	Citibank	310
9.	Rowe Price-Fleming International	293
10.	Templeton Investment Counsel	270
11.	Merrill Lynch Asset Management	257
12.	Warburg Investment Management	237
13.	Brown Bros. Harriman & Co.	230
14.	Fidelity International Investment	230
15.	Lombard Odier International	212
16.	Eberstadt Asset Management	166
17.	BEA Associates	150
18.	Capital Guardian Trust Co.	150
19.	The First National Bank of Chicago	150
20.	Ivory & Sime International	149
	TOTAL	9,005

As it did last year, Fiduciary Trust Co. of New York held the largest amount of U.S. tax-exempt assets for international investment. As of Jan. 1, 1983, the firm had invested $1.7 billion overseas for U.S. tax-exempt clients, a 23% decrease from $2.2 billion the year before.

Morgan Guaranty's international investment group in London placed second with international investments totaling $1.5 billion as of Jan. 1. Last year, the firm reported it managed $1.6 million overseas for U.S. tax-exempt clients. ■

The global custody challenge

Banks plan to be ready and waiting when international investing comes of age

By Lynn Griffo

NEW YORK—Global custody, the safekeeping, record-keeping and accounting of international assets is easier said than done.

Still in its early stages, global custody for domestic pension fund clients is an area rarely understood by those not directly in the business.

Yet the field is expected to gain efficiency and importance as more pension funds look outside their own back yards for good investments, and more money managers offer a "global investment approach."

The complexities of global custody arise from dealing in securities from a half-dozen or more international markets, according to Malcolm Mitchell, vice president at InterSec Research Corp.

If sheer size is an indicator of expertise, the undisputed leader in global custody is Chase Manhattan Bank.

Chase has $10 billion in global custody assets, $4.5 billion to $5 billion of which comes from Employee Retirement Income Security Act clients alone. Moreover, Chase handles more than 50% of all the domestic assets invested abroad.

These statistics, however, do not intimidate other banks—including Bankers Trust, Citibank, Mellon Bank, Morgan Guaranty Trust, Northern Trust and State Street Bank & Trust—from getting a piece of the action because, in the long run, the stakes are high.

With $10.9 billion from domestic pension funds in international now, this number is expected to mushroom in the coming years.

The long-run stakes are high. The $10.9 billion in international now is expected to mushroom in the future.

Global custodians dream of having a computerized, on-line accounting system comes true. When that dream comes true, offering a global custody service will be very cost-effective. As a result, several banks are looking at global custody as an important service to provide for clients.

The banks in the business enjoy the advantages of a dearth of competition and the knowledge that it costs a tremendous amount of money to get into the business.

An added bonus is that if the bank can show a plan sponsor a good global custody product, once hired, it can pitch master trust capabilities if the company uses another master trustee.

There are three ways in which a plan sponsor usually picks a global custody bank. The sponsor uses its master trust or leading domestic custody bank; the sponsor asks its international money manager which bank to use; or the sponsor goes out and identifies a good custodian directly with the help of a consultant or by asking other plan sponsors.

The first two methods are the most commonly used today, partly because the choice of a global custody bank is viewed as a minor problem and a simple decision, according to InterSec's Mr. Mitchell.

Today, plan sponsors are not terribly fee conscious and they do not

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InterSec median fund returns 4.98% in international universe

STAMFORD, Conn.—The median fund in InterSec's Non-U.S. International Equity Universe returned 4.98% for the period ending March 31.

That was below the Capital International Europe, Australia and Far East index return of 5.78% and the 9.99% return scored by the Standard & Poor's 500 stock index for the same time period.

The top fund for the first quarter in the InterSec universe returned 13.2%; the lowest returned 0.7%.

"If there was one single reason the funds underperformed the EAFE during the first quarter it was due to market selection," said Jim Waterman, vice president at InterSec.

"Some of the very small markets were the best performers, and managers tended to be underweighted there."

The median fund as of the end of March was weighted most heavily in Japan, with 44.3% of its assets in Japanese securities. This was a slight overweighting: Japan's market capitalization represents 43.4% of the total market value of countries included in the EAFE index.

Other weightings of the median fund: 2.4% in Australia vs. a 4.2% market weighting; 1.6% in France vs. a 3.4% market weighting; 12.2% in Germany vs. 3.6%; 4.4% in Hong Kong, vs. 2.5%; 8.9% in the Netherlands, vs. 2.8%; 1.3% in Singapore vs. 3.2%; 5% in Switzerland vs. 4.5%; and 11.4% in the United Kingdom vs. a 19% market weighting.

For the year ending March 31, the median fund return was 24.2%, compared with an 18% return for the EAFE index, and 44% for the S&P 500. The median fund continued to underperform the S&P 500 for the three-year period, with a 12.76% return compared with the index's 20.62%; however it outperformed the EAFE index, which had a 10.74% return for that period.

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Presented here are *Pensions & Investment Age's* profiles of 90 international investment management firms which invested more than $10.9 billion in international markets for U.S.-based institutions.

The facts and figures given here were developed by the editors from questionnaires sent to the leading international firms, both U.S.- and foreign-based.

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ABD International Management Corp.

One Battery Park Plaza, New York, N.Y. 10004; (212) 952-7738

ABD International, a subsidiary of Dresdner Bank AG and Bayerische Hypotheken- und Wechsel-Bank AG, managed $55 million in U.S. tax-exempt assets internationally as of Jan. 1. Of that figure, $50 million was in foreign stocks and $5 million was in foreign bonds. The firm has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $11 billion.

As of March 31, the international equity assets were committed most heavily in Japan, 43%; United Kingdom, 14%; Germany 10%; and the Netherlands, 4%.

Analysts or portfolio managers are stationed in New York, Frankfurt, Hong Kong, Singapore and Tokyo.

Minimum account size for individual management is $5 million.

ABD International Management is an equity-oriented global investor. It uses a contracyclical equity approach and relies on extensive research for stock selection. Currency management is a separate process from stock selection, and currency hedging may be used extensively.

The firm is registered with the SEC as an investment adviser as of November 1980. The client contact is Jill B. Jordon, vice president and director of marketing; (212) 952-7351.

Alliance Capital Management International

Buckingham House, 62/3 Queen St., London, England, EC4R 1AD; 441-248-8881. Also: 140 Broadway, New York, N.Y. 10005; (212) 902-4000

Alliance Capital Management International, a subsidiary of Alliance Capital Management Corp., invests $35 million in U.S. tax-exempt assets internationally for 17 clients. All of the assets are invested in foreign equities.

The international assets, as of March 31, were invested most heavily in Germany, 22%; the Netherlands, 19%; Japan, 16%; Canada, 9%; and the United Kingdom, 8%.

Alliance Capital Management requires a minimum of $5 million for individual management.

For international investing the company takes a value-added and active approach toward country, currency and security selection.

Portfolios have a distinctive view, with major overweighting and underweighting in currency, type of assets and industry groups.

The company has been registered with the SEC since 1970.

Clinton J. Kendrick, president, is the client contact in London; 011-441-248-8881.

American National Bank and Trust Co. of Chicago

33 North LaSalle St., Chicago, Ill. 60690; (312) 661-5877

American National Bank and Trust Co. of Chicago managed $5 million in U.S. tax-exempt assets as of Jan. 1. The firm's assets were invested in foreign stocks. It has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries, as of the same date, were $5.2 billion.

As of March 31, the international equity assets were committed most heavily in Japan, 49%; United Kingdom, 22%; Germany, 10%; Switzerland, 5%; and Australia 4%.

Analysts or portfolio managers are stationed in Chicago.

For investing U.S. tax-exempt assets the firm tracks the Capital International Perspective's Europe, Australia and Far East Asia Index.

The client contact is Phil Webster, (312) 661-6065.

American Security Bank N.A.

1501 Pennsylvania Ave., N.W., Washington D.C. 20013; (202) 624-3744

American Security Bank, a subsidiary of American Security Corp., managed $29 million in U.S. tax-exempt assets internationally as of Jan. 1.

Of this figure, $19 million was in foreign stocks, and $10 million was in foreign bonds. The bank has 50 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were, as of the same date, $2.7 billion.

As of March 31, international equity assets were committed most heavily in Japan, 36%; Germany, 16%; England, 11%; Switzerland, 11%; and the Netherlands, 11%.

Analysts or portfolio managers are stationed in Washington, D.C.

Minimum account size for individual management is $1 million.

The bank uses active management. It uses a diversified portfolio with stocks selected from a list of industry leaders and many medium- to small-sized companies with significant potential, strong earnings growth, sound financial condition, clean accounting and projected total revenues well in excess of the risk free rate.

The client contact is Howard E.N. Wilson, (202) 624-3744.

b

BA International Investment Management Service

6 E. 43rd St., New York, N.Y. 10017; (212) 907-7628

BA International Investment Management has $35 million invested interntionally. Of this, $15 million is in foreign stocks and $20 million is in foreign bonds.

The heaviest weightings as of March 31 were in Japan, the United Kingdom, Germany, Canada and Hong Kong.

BA International is a unit of the Bank of America, which manages a total of $30.6 billion; $3 billion of that is for tax-exempt clients.

BA International has analysts or portfolio managers stationed in London, Zurich, Luxembourg and Hong Kong.

The investment emphasis is on the world fixed-income markets. The investment approach is based on proprietary methods of interest rate and currency anticipation as well as maturity structuring.

BA International active equity management is based on a top-down economic scenario approach and emphasizes individual security selection.

The firm is SEC registered.

Francois R. Dennery, vice president, New York, is client contact.

Continued on page 16

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BEA Associates

153 E. 53rd St., New York, N.Y. 10022; (212) 832-2626

BEA Associates invests $150 million of U.S. tax-exempt assets internationally for 12 clients, half of the assets are in foreign stocks and half in foreign bonds. Including domestic and international portfolios, the company has a total of $2.56 billion under management, of which $2.4 billion is for U.S. tax-exempt clients.

Of the $75 million in foreign equity investments, the countries most heavily weighted were Japan, 30%; Canada, 30%; United Kingdom, 25%; Sweden, 7%; and Germany, 5%.

The minimum account size for separate management is $5 million.

BEA's foreign investment philosophy is an extension of its domestic disciplines, using price sensitivity and value orientation. It seeks better relative values within a global context. It also tries to identify markets that are moving out of phase with the U.S. market to reduce portfolio volatility and vulnerability to U.S. cyclical patterns.

The company has been registered with the SEC since 1968.

Albert L. Zesiger, president and chairman of the board, is client contact.

BT Investment Management Ltd.

280 Park Ave., New York, N.Y. 10017; (212) 850-2178

BT Investment Management, a subsidiary of Bankers Trust Co., managed $34 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $24 million was invested in foreign stocks and $10 million in foreign bonds. The firm has 11 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $18.9 billion as of the same date.

As of March 31, the international equity assets were committed most heavily in Japan, 44%; United Kingdom, 16%; Germany, 12%; the Netherlands, 9%; and Switzerland, 5%.

Analysts or portfolio managers are stationed in London, Tokyo, Sydney and Zurich.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the bank's diversification of assets in international markets combines fundamental and quantitative analysis.

This two-stage approach involves a country or geographic asset allocation decision, and security selection within each country. The international equity management product that is offered to U.S. plan sponsors is an active selection investment vehicle that is risk controlled.

The client contact is David Williams in New York.

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Julius Baer Investment Management, a new international subsidiary of Bank Julius Baer & Co., has no tax-exempt assets under management now.

However, the parent organization and subsidiaries had a total of $3 billion in U.S. and non-U.S. assets under management as of Jan. 1.

Analysts or portfolio managers are stationed in Zurich, London and New York.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm uses global fixed-income portfolio management. It follows a fundamentally based, top-down approach to international fixed-income diversification with emphasis on currency decisions.

The firm has been registered with the SEC since April 1983.

The client contact is Francesco Andina.

Bailard, Biehl and Kaiser International Fund

951 Mariners Island Blvd., Suite 700, San Mateo, Calif. 94404; (415) 571-5800

Bailard, Biehl and Kaiser International Fund, a unit of Bailard, Biehl and Kaiser Inc., had $6 million in U.S. tax-exempt assets in non-domestic markets as of Jan. 1. Of that, $5 million was in foreign stocks and the rest was in foreign bonds.

Total U.S. and non-U.S. assets managed by the firm as of the same date were $250 million.

As of March 31, the international equity assets were concentrated mainly in Japan, 40%; the United Kingdom, 18%; Australia, 12%; and 14% split evenly between France and Holland.

Analysts or portfolio managers are stationed in San Mateo.

When investing U.S. tax-exempt assets, the firm uses a total return approach of both income and capital gain, with particular emphasis placed on one or the other as deemed appropriate by the economy.

Bailard, Biehl and Kaiser is registered as an investment adviser with the SEC.

Richard L. Holbrook in San Mateo is the client contact.

Bank of Boston

100 Federal St., Boston, Mass. 02110; (617) 434-2200

The Bank of Boston, a subsidiary of Bank of Boston Corp., managed $29 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $23 million was invested in foreign stocks and $6 million in foreign bonds. The bank has eight U.S. tax-exempt clients.

The bank's total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $6.7 billion as of the first of the year.

As of March 31, the international equity assets were committed most heavily in Japan, the United Kingdom, the Netherlands, Germany and Belgium.

Analysts or portfolio managers are stationed in London, Boston, Geneva and Luxembourg.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the bank's equity approach is active with diversification of assets among countries and currencies. It concentrates on issues that represent the best values at a given time. For fixed income, the bank is opportunistic and employs anticipation of interest rates and currency movements.

Peter F. Tague III, first vice president, is client contact at (617) 434-4560.

Baring International Investment Ltd.

One Post Office Square, Suite 2230, Boston, Mass. 02109; (617) 357-9074

Baring International Investment Ltd., a subsidiary of Baring Bros. & Co. and Henderson Baring Management Ltd., managed $65 million in U.S. tax-exempt assets internationally as of Jan. 1. All of its assets are in foreign stocks. The firm has five U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries as of that date were $5.5 billion.

As of March 31, the international equity assets were committed most heavily in Japan, 45%; Germany, 14%; United Kingdom, 14%; the Netherlands, 10%; and Hong Kong, 5%.

Analysts and portfolio managers are stationed in London, Hong Kong and Tokyo.

Baring International is an equity-oriented manager that is flexible and active. It moves between markets and makes short-term strategic investments in international debt instruments when attractive opportunities are available. The firm uses a top-down geographical and asset allocation approach, after which it "picks

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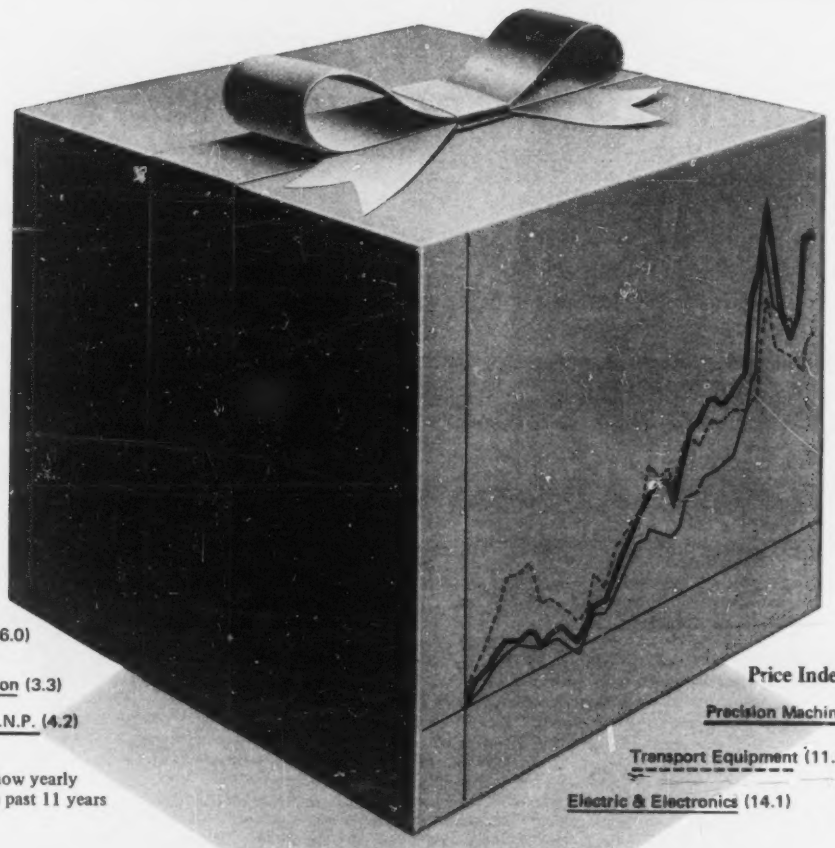
THE JAPAN PACKAGE


Industrial Productivity (6.0)
Industrial Production (3.3)
G.N.P. (4.2)
Figures in parenthesis show yearly growth rate for the past 11 years
Price Index by Stock Categories
Precision Machines (14.2)
Transport Equipment (11.5)
Electric & Electronics (14.1)

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stocks" within the regional markets. It is prepared to move up to 50% of its portfolios into cash in times of uncertainty.

The firm is registered with the SEC as of February 1980.

The client contact is John F. McNamara, (617) 357-9074.

Bartow, MacLeod International Inc.

Statler Office Bldg. Providence St. Suite 476, Boston, Mass. 02116; (617) 542-1136

Bartow, MacLeod managed $15 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign bonds. The company has one U.S. tax-exempt client.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $15 million as of the first of the year.

As of March 31, international assets were committed most heavily in Japan, the United Kingdom, Germany and the United States.

Analysts or portfolio managers are stationed in Boston.

Minimum account size for individual management is $10 million.

The company is in the process of registering with the SEC as an investment adviser.

Stephen C. Bartow, president, is the client contact.

Batterymarch Financial Management

600 Atlantic Ave. Boston, Mass. 02210; (617) 973-9300

Batterymarch managed $100 million in U.S. tax-exempt assets overseas as of Jan. 1. The total amount was invested in foreign stocks. The firm has two U.S. tax-exempt clients.

The total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $8 billion as of the first of the year.

Analysts or portfolio managers are stationed in Boston.

Minimum account size for individual management is $5 million.

The firm has discontinued passive international equity business and is beginning an actively managed equity product. Its approach emphasizes country judgments that are contrarian and value oriented. Stock selections are the result of disciplined application of valuation techniques applied on an intracountry basis.

Since 1969, the firm has been registered with the SEC as an investment adviser.

Client contacts are John T. Bennett, senior vice president, at (617) 973-9357; and Jarrod W. Wilcox, senior vice president, at (617) 973-9326.

Bessemer Trust Co. N.A.

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9141

Bessemer Trust Co., a unit of The Bessemer Group Inc., managed $15 million in U.S tax-exempt assets in foreign markets as of Jan. 1. Of that, $10 million was in foreign stocks and $5 million was in foreign bonds.

The parent organization and subsidiaries managed $3 billion in U.S. and non-U.S. assets as of the same date.

As of March 31, the international equity assets were committed most heavily in Japan, 20%; Hong Kong, 14%; England, 13%; the Netherlands, 13%; and Australia, 7%.

Analysts or portfolio managers are stationed in New York City and Palm Beach, Fla.

Bessemer's equity philosophy emphasizes a concept of value based on its expectation of the current market environment. It identifies stocks that are expected to experience major earnings growth within six to 18 months.

The characteristics of stocks bought include above-average reinvestment rates and return on equity, relatively low price-earnings ratios and market/book value ratios, and consistently high historical dividend yields and/or dividend growth rates.

Although the firm does not consider itself an aggressive market-timer, it does use timing strategies to a moderate degree.

The client contact is Robert C. Elliot, executive vice president, New York.

The Boston Co.

One Boston Place, Boston, Mass. 02106; (617) 722-7000

The Boston Co., a subsidiary of Shearson/American Express, managed $16 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $15 million was invested in foreign stocks and $1 million in foreign bonds.

Total U.S. and non-U.S. assets managed by the firm were $6.5 billion as of the same date.

As of March 31, the international equity assets were committed most heavily in Germany, 26%; Switzerland, 19%; the Netherlands, 13%; Japan, 13%; and Great Britain, 6%.

Analysts and portfolio managers are stationed in Boston and London.

The company's investment approach for U.S. tax-exempt assets uses external sources and proprietary tools to formulate a global economic outlook.

Countries and currencies representing the best value relative to the U.S. dollar are selected. Economic sector analysis identifies the most attractive industries.

Individual stock selection is based upon a search for growth and value opportunities as well as recommendations from an extensive network of worldwide contacts.

The firm is registered with the SEC as an investment adviser as of 1970.

The client contact is Thomas J. Lucey, senior vice president, (617) 722-7512.

Brown Bros. Harriman & Co.

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Brown Bros. Harriman managed $230 million in U.S. tax-exempt assets internationally as of Jan. 1. Of that, $70 million was in foreign stocks and $160 million was in foreign bonds. The firm has 13 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $8.7 billion as of the same date.

As of March 31, the international equity assets were committed most heavily in these countries: Japan, 40%; Germany, 15%; the Netherlands, 8%; Switzerland, 10%; and Hong Kong, 8%.

Analysts or portfolio managers are stationed in New York and London.

For investing U.S. tax-exempt assets, the firm's approach emphasizes longer-term commitments to multicurrency diversification. It stresses the greater impact of judgments on economic developments, expected changes in currency values and market trends. Individual stock and bond issue analysis and selection are also vital.

It utilizes foreign fixed income as well as equity investments. It is an active rather than passive manager, although radical shifts in asset mix or individual issues are not anticipated. It places strong emphasis on quality and marketability in investment selection.

The client contact is Douglas McCartney, manager, (212) 483-5577.

CB International Investments

100 Wall St., New York, N.Y. 10005; (212) 248-0100

CB International Investments, a subsidiary of County Bank Ltd., managed $11 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount is invested in foreign stocks. The firm has one U.S. tax-exempt client.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $5.4 billion as of the same date.

As of March 31, international equity assets were committed most heavily in Japan, 49%; Canada, 8%; the Netherlands, 7%; Sweden, 7%; and Australia, 5%.

Analysts and portfolio managers are stationed in London.

Minimum account size for individual management is $3 million.

For investing U.S. tax-exempt assets, the firm puts an emphasis on the correct determination of currency and asset mix decisions and rapid implementation in portfolios.

The firm has been registered with the SEC as an investment adviser since 1981.

The client contact is A.J. Albert, managing director.

CIGNA Corp.

Hartford, Conn. 06152; (203) 726-6000

CIGNA had $98 million of U.S. tax-exempt assets in international investments as of Jan. 1. Of that, $90 million was invested in foreign equities and $8 million in foreign bonds.

Total assets under management by CIGNA were $28.6 billion as of the same date.

The international equity assets, as of March 31, were concentrated most heavily in Japan, 20%; Sweden, 15%; Germany, 11%; Australia, 10%; and United Kingdom, 9%.

Analysts or portfolio managers are stationed in Philadelphia, Hartford and London.

CIGNA believes the long-term benefits of international diversification are maximized by an approach that rests heavily on security selection. Analysis of changing macro and micro conditions helps it to anticipate areas of future attraction. Country/currency research provides a backdrop for decisions on exposure and hedge positions. CIGNA emphasizes investment in companies with rapid growth of dividends and earnings.

CIGNA is registered with the SEC as an investment adviser.

James E. Malling, senior vice president, is the client contact, (203) 726-3994.

CSFB Investment Management Ltd.

22 Bishopgate, London, EC2N 4BQ England; (01) 283-4200

CSFB Investment Management Ltd. is the new investment management subsidiary of Financiere Credit Suisse-First Boston.

The company is considering seeking ERISA assets.

It is mainly a fixed-income international investment manager for pension funds, insurance companies and central banks. The company offers different types of portfolios including cash management, floating rate, fixed-income multicurrency and convertible bond portfolios.

CSFB Investment Management is not registered with the SEC.

Manfred Adami, managing director, is the client contact.

Cambiar Investors Inc.

8400 E. Prentice Ave., Suite 460, Englewood, Colo. 80111; (303) 793-3939

Cambiar Investors managed approximately $13 million in U.S. tax-exempt assets internationally as of Jan. 1. All of the assets are invested in foreign stocks. The firm has two U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $91 million as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 59%; the Netherlands, 24%; Great Britain, 13%; and Sweden, 4%.

Minimum account size for individual management is $500,000.

Analysts or portfolio managers are stationed in Denver.

The firm's approach for investment of U.S. tax-exempt assets utilizes fundamental research to evaluate common stocks determined to be undervalued. There is concentration on stocks that have low price earnings multiples currently not in favor.

The firm is registered with the SEC as of 1973.

The client contact is Theo N. Otis.

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif., 90071; (213) 486-9200

Capital Guardian Trust Co., a subsidiary of The Capital Group Inc., managed $150 million in U.S. tax exempt assets internationally as of Jan 1. Of this figure, $100 million was invested in foreign stocks and $29 million in foreign bonds.The firm has 14 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $13.9 billion as of the beginning of the year.

As of March 31, international equity assets were committed most heavily in Japan, 48%; Germany, 18%; United Kingdom, 10%; Hong Kong, 7%; and the Netherlands, 7%.

Continued on page 20

HOLBORN INTERNATIONAL
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GLOBAL ASSET MANAGEMENT NOTES

Adolphe J. Warner, Senior Advisor on International Economics and Portfolio Investment

Comments extensively on the Outlook For Exchange Rate Stability

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Analysts or portfolio managers are stationed in Los Angeles, San Francisco, New York, Washington, D.C., London, Geneva and Tokyo.

Minimum account size for individual management is $2 million.

For investing U.S. tax-exempt assets, the firm uses a fundamental value-oriented approach based on thorough detailed research and analysis supported by direct management contacts. Additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities. International research is based in Geneva with overall strategy coordinated daily through the Los Angeles head office.

Worldwide custodial management isn't foreign to us.

The Mitsubishi Bank of California covers the world from right here at home.

International trust and pension custody isn't foreign to MBC.

In fact, MBC has a global network already working to serve the master trust industry. We operate not as competitors, but in a unique position as service specialists — providing innovative solutions for custody of international investment portfolios...currently in twenty-seven countries worldwide.

The Mitsubishi Bank of California was the first, and initially the only bank, to receive a favorable advisory opinion from the Department of Labor on its maintenance of employee benefit assets around the world. This established us as a global custodian for ERISA clients.

Mitsubishi service is based upon a long-standing commitment that dates back over a century when our parent company, Mitsubishi Bank Ltd., first began financial services for banks throughout the world.

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(213) 621-1262

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The client contact is John H. Seiter, vice president, at (213) 486-9436.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Centerre Trust Co. of St. Louis, a subsidiary of Centerre Bancorporation, had $21 million in U.S. tax-exempt assets invested internationally as of Jan. 1 for 18 U.S. tax-exempt clients. All of it was invested in foreign equities.

Total U.S. and non-U.S. assets under management by the parent organization and all of its subsidiaries were $5.96 billion as of the beginning of the year.

As of March 31, 45% of the international equity assets were concentrated in Japan. Germany had 13%; the Netherlands, 11%; United Kingdom, 7%; and Switzerland, 7%.

Portfolio management is centered in St. Louis. Research is provided by adviser Morgan Grenfell Investment Services, with research offices in London, Geneva, Tokyo, Singapore and Sydney.

For investing U.S. tax-exempt assets, Centerre places primary emphasis on over- or underweighting countries, followed by stock and sector selection; currency determination is significant, but not a predominant factor. Large movement among countries is a key factor. Fundamental research is the primary factor to decision-making.

The client contact is Thomas S. Darnall Jr., (314) 436-9012.

Chase Investors Management Corp.

1211 Avenue of the Americas, New York, N.Y. 10036; (212) 730-2967

Chase Investors Management, a subsidiary of Chase Manhattan Corp., managed $110 million in U.S. tax-exempt assets internationally as of Jan. 1. All of that is invested in foreign stocks. The firm has 42 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $12.5 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 41%; Germany, 26%; Singapore, 10%; the Netherlands, 7%; and Switzerland, 7%.

Analysts or portfolio managers are stationed in New York and London.

Minimum account size for individual management is $10 million.

For investing U.S. tax-exempt assets, the firm identifies opportunities through fundamental analysis and anticipation of changes.

The firm has been registered with the SEC as an investment adviser since 1972.

The client contact is Edward V. Arbaugh III, vice president, at (212) 730-3744.

Chemical Bank

30 Rockefeller Plaza, New York, N.Y. 10112; (212) 621-2323

Chemical Bank, a subsidiary of Chemical New York Corp., managed $40 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $27 million was invested in foreign stocks and $7 million in foreign bonds. The bank has 55 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $12.6 billion as of the first of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 39%; United Kingdom, 17%; Germany, 14%; Switzerland, 6%; and Singapore, 5%.

Analysts or portfolio managers are stationed in New York, London, Zurich, Geneva and Singapore.

For investing U.S. tax-exempt assets, the bank's goal is to achieve a real rate of return and to add value by outperforming market indexes under all conditions. It emphasizes fundamental research and issue selection in the intermediate term. Its fundamental analytical work is complemented by quantitative research and a series of proprietary computer screens.

The bank is registered with the SEC as an investment adviser.

James A. Favia, senior vice president, is client contact at (212) 621-2101.

Citibank N.A.

One Citicorp Center 153 E. 53rd St., New York, N.Y. 10043; (212) 559-9700

Citibank, a subsidiary of Citicorp, managed $310 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $180 million is invested in foreign stocks and $130 million in foreign bonds. The firm has 75 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by parent organization and subsidiaries were $19.7 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 48%; United Kingdom, 14%; Germany, 9%; Switzerland, 6%; and the Netherlands, 6%.

Analysts or portfolio managers are stationed in London, Hong Kong, Geneva, Zurich, New York, Houston and San Francisco.

Minimum account size for individual management is $5 million.

For investment of U.S. tax-exempt assets, the firm uses active management with an orientation to growth. Portfolios are kept diversified, with specialization in growth stocks. Stock selection is regionalized for day-to-day decisions with specialists in Europe and the Far East. Asset allocation is controlled centrally.

The client contact is Barry Gillman, vice president, at (212) 559-9181.

Continental Illinois National Bank & Trust Co. of Chicago

162 Queen Victoria St., London, England, EC4V4BS; 011-441-236-7444

Continental Illinois National Bank & Trust Co. managed $8 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $5 million is invested in foreign stocks and $3 million in foreign bonds. The firm has 10 U.S. tax-exempt clients.

As of March 31, the international equity assets were most heavily committed in Japan, 45%; Germany, 10%; United Kingdom, 5%; the Netherlands, 7%; and Australia, 5%.

Analysts or portfolio managers are stationed in London, Zurich, Geneva and Chicago.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm has a top-down approach to both equity and bond markets stressing currency markets and sector/maturity decisions. Active management style both between and within markets is based on a forecast of total returns and risk analysis. The emphasis is on quality and marketability in security selection and a belief that a balanced bond and equity approach has merit.

Client contacts are Geoffrey Osmint, vice president, in London; and in Chicago, Joe Alaimo, vice president, (312) 828-7720 and Bruce Jensen, second vice president, (312) 828-7004.

Martin Currie Inc.

29 Charlotte Square, Edinburgh, Scotland EH2 4HA; 011-44-31-225-3811

Martin Currie Inc., a subsidiary of Martin Currie & Co., managed $50 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $40 million is invested in foreign stocks. The firm has four U.S. tax exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $750 million as of Jan. 1.

As of March 31, international equity assets were committed most heavily in Japan, 36%; United States, 21%; United Kingdom, 22%; Germany, 6%; and Sweden, 4%.

Analysts or portfolio managers are stationed in Edinburgh.

Minimum account size for individual management is $10 million.

For investing U.S. tax-exempt assets, the firm's approach can be either global or international dependent upon client's requirement. There is emphasis on stock selection and a secondary emphasis on currency selection. The approach is medium term except in raw material where a shorter term approach is used.

As of November 1978, the firm has been registered with the SEC as an investment adviser.

David Skinner and Michael Kennedy are client contacts.

d

Daiwa International Capital Management Corp.

One Liberty Plaza, 91 Liberty St., New York, N.Y. 10006; (212) 732-6600

Daiwa International, a subsidiary of Daiwa, Japan, managed $57 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $52 million was invested in foreign stocks. The firm has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2.3 billion as of the same date.

As of March 31, international equity assets were committed most heavily in Japan, 98%, Australia and Singapore.

Analysts or portfolio managers are stationed in Tokyo, London and New York.

Minimum account size for individual management is $5 million.

Daiwa is a research-oriented, active manager, seeking incremental returns from equity investment in the markets of the Pacific basin. The stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

The firm has been registered with the SEC since 1981.

The client contact is Masanori Yoshida, president, in New York.

Continued on page 22

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Continued from page 20

DiBartolomeo & Co.

150 E. 35th St., New York, N.Y. 10016; (212) 685-4145

DiBartolomeo & Co. managed $1 million in U.S. tax-exempt assets as of Jan. 1. Of this figure, $400,000 is invested in foreign stocks and $600,000 in foreign bonds. The firm has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $5 million as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in United States, 65%; Japan, 25%; and Italy, 10%.

Analysts or portfolio managers are stationed in New York.

Minimum account size for individual management is $250,000.

For investing U.S. tax-exempt assets, the firm seeks basic value in equities while staying in the low-grade bond market on the income side; both strategies utilize options and futures contracts.

As of May 1981, the firm has been registered with the SEC as an investment adviser.

The client contact is Daniel DiBartolomeo.

e

Eaton & Howard, Vance Sanders

24 Federal St., Boston, Mass. 02110; (617) 482-8260

Eaton & Howard, Vance Sanders, a subsidiary of Eaton Vance Corp., managed $26 million of U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $24 million was invested in foreign stocks and $2 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2.5 billion as of the start of the year.

As of March 31, international equity assets were committed most heavily in Japan, 30%; Canada, 20%; Great Britain, 20%; the Netherlands, 20%; and Australia, 10%.

Analysts or portfolio managers are stationed in Boston and San Francisco.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, EHVS concentrates on securities of companies whose future values provide high potential for appreciation. The firm's objective is to seek out and own securities likely to benefit from improving fundamentals related to sales, margins, returns on equity and assets and per-share earnings growth. Perceptions of management, products and services, and future value based on the opinions of competitors, users, suppliers and analytical sources are important to buy-sell decisions.

The firm has been registered with the SEC as an investment adviser since 1940.

The client contact is John H. Wise Jr., vice president.

Eberstadt Asset Management Inc.

61 Broadway, New York, N.Y. 10006; (212) 480-9600

Eberstadt Asset Management, a subsidiary of Marsh & McLennan Asset Management Inc., had $166 million in U.S. tax-exempt assets invested in non-domestic markets as of Jan. 1. Of this, $131 million was in foreign stocks and $35 million was in foreign bonds.

Eberstadt manages two exclusively international accounts but all 45 of its clients are invested internationally through their portfolios.

As of March 31, the parent company and its subsidiaries managed $3.9 billion in U.S. and non-U.S. assets.

As of March 31, 40.6% of the international equity assets were committed to Japan; the Netherlands had 19.4%; Germany, 15.2%; Switzerland 8.7%; and United Kingdom, 6.8%.

Analysts or portfolio managers are stationed in New York City.

Through intensive bottom-up research, Eberstadt seeks companies that have unique products, processes or assets that they believe will result in incremental unit volume growth, pricing flexibility and improved profitability, producing superior growth in assets, earnings, dividends and cash flow during a two- to three-year time horizon.

The firm has been registered with the SEC as an investment adviser since 1970.

Susan F. Farber is the client contact at (212) 480-8248.

Eurogan S.A.

Sears Crescent, City Hall Square, Boston, Mass. 02108; (617) 723-7220

Eurogan S.A., a subsidiary of Groupe Des Assurances Nationales, has no U.S. tax-exempt assets invested overseas yet because of the Socialist victory in France. Total U.S. and non-U.S. assets under management by GAN and its subsidiaries were $5 billion as of Jan. 1.

Eurogan hopes to invest in equities in the United States, Japan, Germany, France and the United Kingdom.

Analysts or portfolio managers are stationed in Paris.

Minimum account size for individual management is $10 million.

For investing U.S. tax-exempt assets, the firm's approach is to define the risk/reward potential of each international market it monitors. There is an emphasis on medium- to long-term, value-oriented considerations rather than shorter term technical or fundamental factors. The firm uses advanced techniques for security valuation and portfolio risk control.

The firm has been registered with the SEC as an investment adviser since 1980.

Client contacts are M. Oliver Maumus in Paris, 247-5326, and John M. Heckler in Boston.

f

Fidelity International Investment Management Inc.

82 Devonshire St., Boston, Mass. 02109; (617) 726-0330

Fidelity International Investment, a subsidiary of FMR Corp., managed $230 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $200 million was invested in foreign stocks. The firm has 12 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $18.3 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 45%; the Netherlands, 12%; Germany, 10%; United Kingdom, 10%; and France, 6%.

Analysts or portfolio managers are stationed in London, Hong Kong, Tokyo and Boston.

Minimum account size for individual management is $20 million.

For investing U.S. tax-exempt assets, the firm's approach is aimed at superior returns. Once an internationally diversified portfolio is allocated to an area or country, assets are managed locally to the greatest extent possible by experienced investment professionals who understand the nuances of their respective markets.

As of 1975, the firm has been registered with the SEC as an investment adviser.

The client contact is William B. Fink in Boston.

Fiduciary Trust Co. of New York

Two World Trade Center, New York, N.Y. 10048; (212) 466-4100

Fiduciary Trust Co. of New York managed $1.7 billion in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $1 billion was invested in foreign bonds, $650 million in foreign stocks. The firm has 29 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $7.2 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 43%; Germany, 15%; United Kingdom, 10%; the Netherlands, 10%; and Switzerland, 8%.

Analysts or portfolio managers are stationed in New York, London, Los Angeles and Geneva.

Minimum account size for individual management is $300,000.

The company's investment approach for U.S. tax-exempt assets is based on a global perspective that emphasizes asset allocation decisions, the competitive positions of markets and industries worldwide, flexibility and individual selection based on fundamental changes rather than short-term events.

The client contact is John L. Griffith, senior vice president, in New York.

The First National Bank of Chicago

Three First National Plaza, Suite 0141, Chicago, Ill., 60670; (312) 732-8290

The First National Bank of Chicago managed $150 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this total, $80 million was invested in foreign stocks and $70 million in foreign bonds. The bank has 45 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under mangement by the parent organization and subsidiaries were $7.5 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 41%; United Kingdom, 16%; Canada, 9%; Germany, 8%; and the Netherlands, 5%.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets overseas, First Chicago, a core manager of international equity and fixed-income portfolios from its London office, makes extensive use of sophisticated quantitative techniques in a structured international decision-making process. The bank invests globally for ERISA clients.

The client contact is Richard C. Carr, vice president, in Chicago.

Foreign & Colonial Asset Management

45 Wall St., New York, N.Y. 10005; (212) 806-3855

Foreign & Colonial Asset Management, a subsidiary of U.S. Trust of New York, managed $13 million in

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Singapore - Major company studies and in recent months in-depth reports on the Singapore banking and property sectors.

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South Africa - A quarterly report covering the South African gold market and major companies.

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U.S. tax-exempt assets internationally as of Jan. 1, all of which was invested in foreign stocks. The firm has 11 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $9.4 billion as of the start of the year.

As of March 31, the equity assets were committed most heavily in Japan, 38%; the Netherlands, 12%; United Kingdom, 11%; Australia, 6%; and Singapore, 5%.

Minimum account size for individual management is $500,000.

For investing U.S. tax-exempt assets, the company's Investment Policy Committee establishes country/currency, cash/equity and industry/sector guidelines. The firm's emphasis is placed on small growth companies with a five-year time horizon. Cyclical stocks are used to provide liquidity and for trading in currencies.

As of Jan. 1, the firm has been registered with the SEC as an investment adviser.

The client contact is Joseph J. Verbaro Jr., (212) 806-3853.

Froley, Revy Investment Co. Inc.

10900 Wilshire Blvd. #1050, Los Angeles, Calif. 90024; (213) 208-4938

Froley, Revy Investment Co. has $8.75 million invested internationally for six U.S. tax-exempt clients. Of the total, $3.5 million is equities and $5.25 is fixed income. Total U.S. and non-U.S. assets under management are $202 million; $175 million is tax-exempt.

The foreign investments are concentrated in Canada and the European Economic Community.

Froley, Revy follows a highly diversified investment approach and seeks high yield. The minimum separate account is $1 million. Since 1975, the firm has been registered with the SEC as an investment adviser.

Thomas Revy, in California, is the client contact.

g

G.T. Capital Management Inc.

601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6131

G.T. Capital, a subsidiary of G.T. Management Ltd., managed $534 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $490 million was invested in foreign stocks, $27 million in U.S. stocks, and $17 million in cash/cash equivalents. The firm has 16 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $1.9 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 40%; United Kingdom, 20%; Germany, 10%; Hong Kong, 6%; and Switzerland, 4%.

Analysts or portfolio managers are stationed in London, Hong Kong, Tokyo, Sydney, San Francisco and Menlo Park, Calif.

Minimum account size for individual management is $15 million.

For investing U.S. tax-exempt assets overseas, the firm combines a top-down approach to geographic asset allocation (growth economies) with a bottom-up approach to security selection (growth companies).

As of 1974, the firm has been registered with the SEC as an investment adviser.

The client contact is Robert J. Boyd, president, in San Francisco.

Girard Bank

Girard Plaza, Philadelphia, Pa. 19101; (215) 585-2000

Girard Bank, a subsidiary of Mellon National Corp., managed $3.8 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $2 million was invested in foreign stocks and $1.8 million in foreign bonds. Because international management is through commingled funds, the bank declined to list the number of U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by Girard Bank were $7 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 24%; Germany, 19%; United Kingdom, 12%; Canada, 16%; and Australia, 15%.

Analysts or portfolio managers are stationed in Philadelphia and Zurich.

For investing U.S. tax-exempt assets overseas, the bank selects the most attractive stocks in worldwide companies and picks securities of countries having well-developed debt markets. Investments are often denominated in foreign currency of nations enjoying stable and sustainable rates of economic growth.

The client contact is Albert E. Blum, senior investment officer, at (215) 585-2268.

Globe Finlay Inc.

245 Park Ave., New York, N.Y. 10167; (212) 557-7022

Globe Finlay, a subsidiary of Globe Investment Trust, has one U.S. tax-exempt client for international investments. Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 40%; the United States, 30%; Europe, 20%; Pacific Basin countries, 10%.

Analysts or portfolio managers are stationed in New York, London, Tokyo and Geneva.

Minimum account size for individual management is $3 million.

The firm's investment approach for U.S. tax-exempt assets is a long-term strategy employing equities, fixed-income and short-term investments to achieve attractive rates of return. Depending on a portfolio's geographic limitations and the firm's strategy, investments are concentrated in a changing universe of five or six markets and approximately 50 positions.

As of June 1982, the firm has been registered with the SEC as an investment adviser.

The client contact is Ralph DiFiore, senior vice president, in New York.

Grantham, Mayo, Van Otterloo & Co.

125 High St., Boston, Mass. 02110; (617) 542-6432

Grantham, Mayo, Van Otterloo managed $34 million in U.S. tax-exempt assets overseas as of Jan. 1. The entire amount was invested in foreign stocks. The firm has five U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $566 million as of start of the year.

As of March 31, the international equity assets were committed most heavily in the United Kingdom, 21%; Japan, 18%; Germany, 11%; the Netherlands, 10%; and Hong Kong, 8%.

Analysts or portfolio managers are stationed in Boston.

For investing U.S. tax-exempt assets, the firm decides value as determined by back-tested investment parameters modified by up-to-date judgments based on readily available local information.

As of 1977, the firm has been registered with the SEC as an investment adviser.

The client contact is Eyk Van Otterloo, partner, in Boston.

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h

H.T. Investors Inc.
One Hospital Trust Plaza, Providence, R.I. 02903; (401) 278-7700

H.T. Investors, a subsidiary of R.I. Hospital Trust National Bank, managed $3.5 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $3 million was invested in foreign stocks and $500,000 was invested in gold bullion. The firm has 15 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2.3 billion as of the start of the year.

As of March 31, international equity assets were committed most heavily in Japan, 33%; Hong Kong, 11%; the Netherlands, 10%; Germany, 10%; and United Kingdom, 9%.

Analysts or portfolio managers are stationed in Providence.

For investing U.S. tax-exempt assets, the firm's fixed-income approach is a rigid top-down analysis; for equities, the emphasis is on growth value and a bottom-up approach. Political and currency consideration do not preclude sound stock picking.

As of July 1982, the firm has been registered with the SEC as an investment adviser.

The client contact is Brian H. Guck, vice president, at (401) 278-8899.

Holborn International Portfolio Managers
450 Park Ave., New York, N.Y. 10022; (212) 980-0977

Holborn International, a subsidiary of Prudential Corp. Ltd., has no U.S. tax-exempt clients now.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $25 billion as of Jan. 1.

Analysts or portfolio managers are stationed in London.

Minimum account size for individual management is $5 million.

Holborn manages equity allocation and currency exposure separately, enabling the portfolio to experience the optimum distribution of equity markets and currency exposure. The firm invests in a broad range of equity markets, and both the individual country and total portfolios differ markedly from index positions. Emphasis is placed on quality growth.

As of May 1982, the firm has been registered with the SEC as an investment adviser.

The client contacts are Thomas Guillet and Peter Whelpton in New York.

i

IDS Advisory-Gartmore International Inc.
3100 IDS Tower, Minneapolis, Minn. 55402; (612) 372-2026

IDS-Advisory Gartmore, a joint venture between IDS Advisory Group and Gartmore Investment Management Ltd., managed $29 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The firm has four U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organizations and subsidiaries were $15 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 34%; United Kingdom, 18%; Germany, 9%; Sweden, 9%; and Holland, 9%.

Analysts or portfolio managers are stationed in New York, Minneapolis, London, Glasgow and Hong Kong.

Minimum account size for individual management is $5 million.

The firm's investment approach for U.S. tax-exempt assets is to achieve incremental return. An emphasis is placed on country selection within the framework of macroeconomic, geopolitical world overview. The active, equity-oriented style concentrates the portfolio in favored countries. The aim is to minimize currency risk through hedging.

As of April 1981, the firm has been registered with the SEC as an investment adviser.

The client contact is William C. Daniels, vice president, in Minneapolis.

Ivory & Sime International Inc.
39 Main St., P.O. Box 6, Chatham, N.J. 07928; (201) 635-6700

Ivory & Sime, a joint venture of Jamison, Eaton & Wood Inc. and Ivory & Sime Ltd., managed $149 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this figure, $114 million was invested in foreign stocks and $13 million in foreign bonds. The firm has nine U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organizations and subsidiaries were $2.4 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 44%; Germany, 10%; United Kingdom, 14%; United States, 9%; and the Netherlands, 9%.

Analysts or portfolio managers are stationed in Edinburgh, Scotland.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm uses a long-term, fundamental, research-based approach with primary emphasis on stock selection and identifying superior companies in a global context. Currency decisions discipline asset mix.

The firm has been registered with the SEC as an investment adviser since 1978.

The client contact is Keith H. Wood in New Jersey.

k

Kemper-Murray Johnstone International
120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1880

Kemper-Murray Johnstone, a joint venture of Kemper Financial Services and Murray Johnstone, managed $30 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this amount, $27 million was invested in foreign stocks and $3 million in foreign bonds. The firm has six U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by parent organizations and subsidiaries were a combined $19.5 billion as of Jan. 1.

As of March 31, the equity assets were committed most heavily in Japan, 35%; the Netherlands, 12%; United Kingdom, 11%; Sweden, 8%; and Switzerland, 7%.

Analysts and portfolio managers are stationed in Glasgow, Scotland.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm's approach combines an active international equity strategy and active currency management. The firm tracks opportunities in 17 non-North American stock markets. It is growth biased using relative value analysis and transnational sector analysis for equities. It uses bonds, including U.S. bonds, for defensive purposes.

The firm has been registered with the SEC as an investment adviser since June 1980.

The client contact is Gavin Dobson in Chicago.

Kleinwort Benson International Investment Ltd.
100 Wall St., New York, N.Y. 10005; (212) 747-0440

Kleinwort Benson, a subsidiary of Kleinwort Benson Lonsdale, managed $126 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this amount, $99 million was invested in foreign stocks and $27 million in foreign bonds. The firm has 11 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $7 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 28%; Hong Kong, 12%; Germany, 12%; the Netherlands, 12%; and United Kingdom, 10%.

Analysts or portfolio managers are stationed at major offices in London, New York, Channel Islands, Brussels, Bremen, Geneva, Hong Kong, Tokyo, Singapore and Sydney. The firm also has several smaller offices worldwide.

For investing U.S. tax-exempt assets, the firm is equity oriented and favors a bottom-up approach. Equities are selected for their growth characteristics and good value in their markets, rather than the country or currency in which they are traded. Fixed income is selected on a top-down approach, with interest rate and currency trends of primary importance.

The firm has been registered with the SEC since 1980.

The client contact is Donald Hurley Jr., director, in New York.

l

Lipper Analytical Services Inc.
5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Lipper Analytical managed $2 million in U.S. tax-exempt assets overseas as of Jan. 1. The full amount was invested in foreign stocks. The firm has four U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by parent organization and subsidiaries were $85 million as of the start of the year.

As of March 31, the international equity assets were committed 50% in Pacific Basin countries and 50% in Europe.

Analysts or portfolio managers are stationed in New York, Hong Kong, Melbourne and Tokyo.

Minimum account size for individual management is $2 million.

U.S. tax-exempt assets are invested in investment company (mutual fund) shares on the basis of the specific needs of the account. Funds are selected on the basis of the managers having a long track record of investing overseas using foreign nationals who are members of the international analyst community.

Since 1973, the firm has been registered with the SEC as an investment adviser.

The client contact is Gordon L. Mills, at (212) 269-4080.

Lombard Odier International Portfolio Management Ltd.
Portland House, 72-73 Basinghall St., London EC2V 5PB, England. Also 717 Fifth Ave., New York, N.Y. 10022; (212) 750-9830

Lombard Odier, a subsidiary of Lombard Odier & Cie, had $212 million invested internationally for 11 U.S. tax-exempt clients as of Jan. 1.

Of the total, $191 million was invested in foreign stocks and $21 million in foreign bonds.

As of March 31, the international equity assets were invested most heavily in Japan, 52%; United Kingdom, 14%; the Netherlands, 9%; Switzerland, 7%; and Germany, 7%.

The company has portfolio managers or analysts stationed in London and Geneva. The minimum account for separate management is $5 million for equity and $10 million for fixed-income or balanced accounts.

Lombard Odier International Management bases its asset allocation process, consisting of interrelated decisions on currencies, markets, securities and gold, on an expected return for each asset group while taking into account factors of volatility and risk insofar as they are applicable to international investment. An allocation matrix is drawn up and updated at weekly meetings.

The firm has been an SEC registered adviser since 1978.

George M. Yaneff, president, is the client contact in New York.

m

Mellon-Pictet International Management Ltd.
15 Trinity Square, London, EC3N 4AP England; 011-441-488-2039

Mellon-Pictet International, a joint venture of Mellon Bank and Pictet & Co., managed $54 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The company has six U.S. tax-exempt clients.

As of March 31, the equity assets were committed most heavily in Japan, 55%; United Kingdom, 14%; Germany, 12%; the Netherlands, 8%; and Switzerland, 6%.

Analysts or portfolio managers are stationed in London, Geneva and Tokyo.

Minimum account size for individual management is $5 million.

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ment, the firm pursues superior rates of return, with concentrated and coherent international portfolios, using a strong in-house research effort. The highest priority is on asset allocation. Stock selection is delegated to country specialists. Emphasis is placed on decision-making.

The company has been registered with the SEC as an investment adviser since 1980.

The clients contact are Dan H. Blanks in London and H. Michael Bean in Pittsburgh at (412) 234-6268.

Merrill Lynch Asset Management Inc.

633 Third Ave., New York, N.Y. 10017; (212) 692-2000

Merrill Lynch Asset Management, a subsidiary of Merrill Lynch & Co., managed $257 million in U.S. tax-exempt assets overseas as of Jan. 1. Of this, $100 million was invested in foreign stocks and $120 million in foreign bonds. The firm has 26 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by Merrill Lynch Asset Management were $46 billion as of Jan. 1. (*Pensions & Investment Age*, April 4, 1983).

As of March 31, international equity assets were committed most heavily in Japan, 45%; Germany, 20%; the Netherlands, 15%; and Switzerland, 10%.

Analysts or portfolio managers are stationed in New York, London, Tokyo and Hong Kong.

Minimum account size for individual management is $500,000.

For investing U.S. tax-exempt assets, the firm emphasizes prudent diversification of assets by currency, economic sector, industry and asset category, with weighting in each area dependent on analysis of economic and political factors as well as the level of market valuation in each country.

Since 1976, the firm has been registered with the SEC as an investment adviser.

Richard Jacobson, senior vice president, is the client contact at (212) 692-8001.

Morgan Grenfell Investment Services Ltd.

520 Madison Ave., New York, N.Y. 10022; (212) 715-1700

Morgan Grenfell Investment, a subsidiary of Morgan Grenfell & Co., managed $389 million in U.S. tax-exempt assets overseas as of Jan. 1. Of this amount, $383 million was invested in foreign stocks and $6 million in foreign bonds. The company has 24 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $7.5 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 52%; Germany, 12%; the Netherlands, 9%; Scandinavia, 8%; and Switzerland, 6%.

Analysts or portfolio managers are stationed in London, Tokyo, Geneva, Sydney and Singapore.

Minimum account size for individual management is $5 million plus cash flow.

For U.S. tax-exempt asset investment, the firm is an active equity manager focusing simultaneously on stock market selection and stock selection within markets. Each portfolio manager has research responsibility. No investment is made without considering the currency impact.

The company has been registered with the SEC as an investment adviser since 1977.

The client contact is Elliott Mark Gartner, director, in New York.

Morgan Guaranty Trust Co. of New York

30 Throgmorton St., London, EC2N 2DT England; (01) 600-2300

Morgan Guaranty's international investment group in London managed $1.5 billion in U.S. tax-exempt assets internationally as of Jan 1. Of this, $1.1 billion was in foreign stocks and $332 million in foreign bonds. The company has 27 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $39 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 45%; Germany, 18%; United Kingdom, 13%; the Netherlands, 5%; and Canada, 4%.

Analysts or portfolio managers are stationed in London, New York, Tokyo, Hong Kong and Singapore.

Minimum account size for individual management is $5 million.

To construct the optimal portfolio for each account, Morgan integrates global macro and micro research by a team of multinational analysts with portfolio managers' knowledge of international markets and client objectives. The company focuses on stock, market and currency selection, aiming to enhance portfolio value through decisions in each of these areas.

Client contacts are Nicola R. Ozanne in New York, at (212) 826-7449, and Chilton Thomson Jr. in London, at (44-1) 600-2300, ext. 3849.

Multinational Investment Inc.

3645 Warrensville Center Road, Shaker Heights, Ohio 44122; (216) 752-8900

Multinational Investment managed $1 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The company has 18 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $45 million as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 50%; South Africa, 30%; Canada, 15%; and the United Kingdom, 5%.

Analysts or portfolio managers are stationed in Shaker Heights.

Minimum account size for individual management is $500,000.

For investing U.S. tax-exempt assets, the company seeks good relative value stocks in selected countries, and expects additional benefits from possible currency gains vs. the U.S. dollar. Further benefit is risk reduction for the whole portfolio.

The firm has been registered with the SEC as an investment adviser since 1976.

The client contact is Geofrey J. Greenleaf.

n

New Japan Capital Management (USA) Inc.

One World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

NJCM (USA) Inc., a subsidiary of New Japan Capital Management Co. Ltd., has no U.S. tax-exempt assets now. Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $400 million as of Jan. 1.

Analysts or portfolio managers are stationed in Tokyo and New York.

Minimum account size for individual management is $1.5 million.

New Japan (USA) invests primarily in Japanese equities with growth potential, but diversifies funds in more than five industries to avert risk in high-technology areas including emerging growth firms.

Investing in the same industry is limited to no more than four issues. New Japan Capital is extending its investments to the Pacific Basin.

As of February 1982, the firm has been registered with the SEC as an investment adviser.

The client contact is Hiroshi Takahashi, senior vice president.

Newport Capital Management

50 California St., Suite 2350, San Francisco, Calif. 94111; (415) 781-5801

Newport Capital Management managed $4 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The firm has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $40 million as of the start of the year.

As of March 31, the international equity assets were committed most heavily in the United States, 50%, and Japan, 35%.

Analysts or portfolio managers are stationed in San Francisco and Newport Beach, Calif.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm analyzes global liquidity trends, using a top-down approach. It favors Far East investment, and manages three international funds based in Bermuda.

Since 1974, the company has been registered with the SEC as an investment adviser.

John M. Mussey is the client contact.

Nikko International Capital Management Co. (America) Inc.

140 Broadway, New York, N.Y. 10005; (212) 747-9823

NICAM Co. (America), a subsidiary of Nikko International Capital Management Co. Ltd., managed $13 million in U.S. tax-exempt assets overseas as of Jan. 1. Of this amount, $10 million was invested in foreign stocks and $1 million in foreign bonds. The firm has two U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $741 million as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 90%, and Hong Kong, 5%.

Analysts or portfolio managers are stationed in Tokyo, Hong Kong, Singapore, Sydney, Seoul, New York and London.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm's approach is fundamental and active. NICAM Co. (America) invests strategically in equity securities on a long-term basis. It recommends Japanese equity securities and equity securities issued in other Asian and Oceanic countries.

The firm has been registered with the SEC as an investment adviser since 1981.

The client contact is Tetsuya Murakami.

Nomura Capital Management Inc.

100 Wall St., Ninth Floor, New York, N.Y. 10005; (212) 425-9294

Nomura Capital, a subsidiary of Nomura Investment Management Co., managed $104 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $94 million was invested in foreign stocks. The company has six U.S. tax-exempt clients: Eli Lilly Co., General Electric Co., General Motors Corp., McDonnell Douglas Corp., the State of Hawaii and United Technologies Corp.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $1.2 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan.

Analysts or portfolio managers are stationed in Tokyo, Kamakura, Osaka, New York, Hong Kong and London.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the company is primarily equity oriented. The investment horizon is long term, with major emphasis placed on growth stocks but a limited exposure to cyclicals. Original research is used extensively for both top-down and bottom-up analyses.

The firm has been registered with the SEC since 1976. The client contact is Brian X. Fitzgibbon, senior vice president, at (212) 425-9239.

Continued on page 28

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Telephone: (617) 451-0490

LONDON HONG KONG TOKYO

Continued from page 25

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

The Northern Trust Co., a subsidiary of The Northern Trust Corp., managed $4 million in U.S. tax-exempt assets internationally as of Jan. 1. This was invested equally between foreign stocks and foreign bonds. The company has 25 U.S. tax-exempt clients.

The total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $11 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 35%; United Kingdom, 13%; Germany 16%; Switzerland, 9%; and the Netherlands, 9%.

Analysts or portfolio managers are stationed in Geneva and Chicago.

Minimum account size for individual management is $100,000.

For investing U.S. tax-exempt assets, the company utilizes extensive analysis of economies, currencies, financial markets and individual companies. It seeks to maximize relative and absolute returns consistent with the acceptable level of risk.

The firm is registered with the SEC as an investment adviser.

The client contact is James R. Janetz, vice president.

P

Alan Patricof Associates Inc.

545 Madison Ave., New York, N.Y. 10022; (212) 753-6300

Alan Patricof Associates managed $2 million in U.S. tax-exempt assets internationally as of Jan. 1, all of which was invested in foreign stocks. The firm has two U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $90 million as of the start of the year.

Analysts or portfolio managers are stationed in New York, London and Paris.

As of March 31, the international equity assets were committed most heavily in England and France.

Minimum account size for individual management is $2 million.

For investing U.S. tax-exempt assets, the firm is involved in the management of funds in the area of venture capital, operating three closed-end pools in the United States, United Kingdom and France. Each pool contains the funds from pension accounts in all countries involved.

The firm is not registered with the SEC as an investment adviser.

The client contact is Alan J. Patricof, chairman.

M. Pescatello & Co. Inc.

120 Broadway, Room 3018, New York, N.Y. 10271; (212) 227-5200

M. Pescatello & Co. managed $13 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $10 million was invested in foreign stocks and $3 million in foreign bonds. The firm has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by parent organization and subsidiaries were $200 million as of the first of the year.

As of March 31, international equity assets were committed most heavily in Japan, Canada and the United Kingdom.

Analysts or portfolio managers are stationed in New York City.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm seeks long-term values and emphasizes earnings growth prospects. Its valuation process stresses company fundamentals.

Since 1973, the firm has been registered with the SEC as an investment adviser.

Michael Pescatello and Edward A. Pescatello are the client contacts.

The Prudential Insurance Co. of America

Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Prudential Insurance Co. of America managed $90 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $78 million was invested in foreign stocks and $11 million in foreign bonds. The company has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $68 billion at the beginning of the year.

As of March 31, the firm's international equity assets were committed most heavily in Japan, 50%; the United Kingdom, 17%; the Netherlands, 12%; Germany, 10%; and Switzerland, 6%.

Analysts or portfolio managers are stationed in Newark and Tokyo.

Minimum account size for individual management is $50 million over five years.

Prudential's approach to international investment follows a structured decision-making process, taking into account controlled risk characteristics. It incorporates fundamental and technical analysis of the foreign exchange markets, as well as stock and bond markets.

Since 1976, the company has been registered with the SEC as an investment adviser.

James H. Gately is client contact.

Putnam International Advisors

One Post Office Square, Boston, Mass. 02109; (617) 292-1232.

Putnam International Advisors, a subsidiary of The Putnam Advisory Co., had $377.2 million in U.S. tax-exempt assets invested internationally for 29 clients as of Jan. 1. Of this, $270.7 million was invested in foreign stocks and $106.5 million in foreign bonds.

Total U.S. and non-U.S. assets under management by Putnam and its subsidiaries as of the same date were $10.1 billion.

As of March 31, the international equity assets were concentrated mainly in Japan, 40%; Germany, 27%; the Netherlands, 11%; Switzerland, 5%; and the United Kingdom, 4%.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in Boston and London.

Putnam's international investment approach is to seek maximum returns while assuming a risk profile in line with the EAFE Index. Central to the firm's approach is the combination of qualitative judgments of its professional staff and quantitative management techniques to arrive at a strategic deployment of assets between various countries and cash.

Since 1969, the firm has been registered with the SEC as an investment adviser.

The client contact is Stephen P. Langer, vice president.

R

N. Reitenbach & Co. Inc.

122 E. 42nd St., Suite 4200, New York, N.Y. 10168; (212) 599-3077

N. Reitenbach & Co. gives international investment advice to other investment advisory firms. The company runs model portfolios that assist other managers in structuring their own portfolios. It plans to seek ERISA accounts in the near future.

Analysts or portfolio managers are stationed in New York City.

Minimum account size for individual management is $500,000.

N. Reitenbach's investment decisions are based upon analysis of worldwide interest rate and currency trends. It invests in high-quality fixed-income vehicles denominated in the currency of a nation's economy. Active use is made of both short- and long-term vehicles. Long-term bonds are used when analysis indicates long-term rates in a particular economy are declining.

Since 1979, the firm has been registered with the SEC as an investment adviser.

Nicholas Reitenbach is the client contact.

Robeco International Investment Advisers

133 heer Bokelweg, Rotterdam, The Netherlands; 10-65-07-11

Robeco International has no U.S. tax-exempt assets under management. The company has total assets under management of $5.5 billion, most of it in four investment companies (mutual funds). About $400 million is managed individually for European pension funds and others.

As of March 31, the international assets were invested about 50% in Japan; 11% in Hong Kong, Singapore and Australia; 12% in the United Kingdom; 7% in Holland; and 6% in Germany.

The company uses a top-down approach. Investment strategy includes the use of gold and currency hedging, and portfolios generally are well-diversified both geographically and in terms of sector.

Karel R. E. Schaedtler, managing director, is the client contact.

N.M. Rothschild International Asset Management Ltd.

New Court, St. Swithen's Lane, London EC4P 4DU England; (01) 280-5000

N.M. Rothschild International Asset Management, an affiliate of Rothschild Inc., had $48 million in U.S. tax-exempt assets in foreign markets as of Jan. 1. Of that, $43 million was in non-domestic stocks.

Total U.S. and non-U.S. tax-exempt assets under management by the parent organization and subsidiaries was $7 billion as of the same date.

Analysts or portfolio managers are stationed in London, Zurich, Paris, New York, Singapore, Sydney and Hong Kong.

For investing U.S. tax-exempt assets, N.M. Rothschild's equity approach is to enhance return by currency, market and stock selection based on research in all three areas. For fixed income, the firm assesses currency trends in international markets. It uses internal economic forecasting capability during a 12- to 18-month time frame to provide expected interest rate trends.

The firm has been registered with the SEC since 1980.

James Heyworth-Dunne is the client contact.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Rowe Price-Fleming, a joint venture between Robert Flemings Holdings Ltd. and T. Rowe Price Associates, managed $293 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this amount, $272 million was invested in foreign stocks and $21 million was in cash. The company has 16 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets of both parent organizations and their subsidiaries were $24 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 55%; United Kingdom, 10%; Germany, 9%; the Netherlands, 8%; Switzerland, 6%; and Hong Kong, 6%.

Analysts or portfolio managers are stationed in London, with research offices in Tokyo, Hong Kong, Melbourne, Singapore, Kuala Lumpur and Manila.

Minimum account size for individual management is $10 million.

Rowe Price-Fleming International's approach to international investment is one of active asset allocation based on fundamental research. The firm believes economic growth will be the principal source of return in international investing and it emphasizes stock selection to capture this. Research commitment in the Far East is strong, reflecting the favorable growth prospects there.

The firm has been registered with the SEC as an investment adviser since 1979.

The client contact is David M. Gong, vice president, at (301) 547-2130.

Frank Russell Trust Co.

1912 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

Frank Russell Trust Co., a subsidiary of Frank Russell Co., had $5 million invested internationally for 11 U.S. tax-exempt clients as of Jan. 1. The total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $645 million.

All of the assets invested internationally were in stocks as of the beginning of the year.

As of March 31, the countries with the strongest investment commitments were Japan, 37%; United Kingdom, 9%; Germany, 5%; France, 5%; and Hong Kong, 4%.

The Frank Russell Trust Co. does not manage the assets itself but uses a diversified group of managers to provide management services for smaller pension funds. The international managers are Capital Guardian Trust Co., G.T. Capital Management, Ivory & Sime Ltd. and Templeton Investment Counsel.

Richard A. Lothrop is client contact.

S

SBC Portfolio Management International Inc.

One World Trade Center, New York, N.Y. 10048; (212) 938-7465

The equity assets managed by SBC Portfolio Management International, a subsidiary of Swiss Bank Corporation Group, were committed most heavily in Japan, 41%; Germany, 19%; Switzerland, 10%; the Netherlands, 9%; and Australia, 7%, as of March 31.

SBC declined to disclose any information on total assets under management by parent company and subsidiaries, and the amount of U.S. tax-exempt assets managed internationally as of Jan. 1.

Analysts or portfolio managers are stationed in Sydney, Singapore, Hong Kong, Tokyo, New York, London, Zurich, Geneva and Basel, Switzerland.

For investing U.S. tax-exempt assets, SBC uses a global, top-down approach for equities. Country and currency selection precedes industry strategy and stock picking. Decision-making combines longer-term and shorter-term elements, supplemented by quantitative allocation tools. Stock selection focuses on growth (including smaller capitalization companies) and value consideration. Minor fixed-income portions are used to obtain incremental returns. The firm uses currency hedging devices.

The company has been registered with the SEC since June 1982.

The client contact is Peter J. Morant.

Schroder Capital Management International

One State St., New York, N.Y. 10004; (212) 269-6500

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PLC, managed $130 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $123 million was invested in foreign stocks and $7 million in foreign bonds. The company has seven U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $9 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 57%; United Kingdom, 12%; Germany, 9%; the Netherlands, 7%; and Switzerland, 6%.

Analysts or portfolio managers are stationed in London, New York, Zurich, Tokyo, Hong Kong, Singapore and Sydney.

Minimum account size for individual management is $3 million.

Schroder Capital Management International is a top-down global manager, using independent regional research.

Since 1980, the firm has been registered with the SEC as an investment adviser.

Sharon L. Haugh, first vice president, is client contact.

Schroder, Munchmeyer, Hengst Management GmbH

Friedensstrasse 6-10, 6000 Frankfurt/Main, West Germany; (49) 611-2179-256

Schroder, Munchmeyer, Hengst Capital GmbH, the parent company, and its subsidiaries had more than $500 million in total assets under management Jan. 1; however, the firm has no U.S. tax-exempt money invested internationally.

As of March 31, the equity assets of non-U.S. international accounts were weighted most heavily in Germany, 28%; Japan, 13%; U.S., 12%; the Netherlands, 12%; and France, 10%.

Analysts or portfolio managers are stationed in Frankfurt.

SMH uses a global approach (including the United States) to international investment with emphasis generally on the larger capitalization markets. Its priorities in structuring portfolios are asset mix, country allocation, group and stock selection and currency in normal order of importance. The firm concentrates on creating opportunity in international portfolios rather than diversification and has a rotational investment style.

SMH has been registered with the SEC since 1979.

The client contact is Thomas R. Holmes.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8448

Scudder, Stevens & Clark managed $60 million in U.S. tax-exempt assets internationally as of Jan. 1 for an undisclosed number of clients. Of this, $50 million was invested in foreign stocks and $10 million in foreign bonds.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $11 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 28%; the Netherlands, 14%; Germany, 10%; Switzerland, 8%; and Belgium, 6%.

Analysts or portfolio managers are stationed in Boston, Chicago, Cincinnati, Dallas, Houston, New York, Philadelphia, Los Angeles, San Francisco, Boca Raton, Fla. and Portland, Ore.

Minimum account size for individual management is $2 million.

For investing U.S.tax-exempt assets, Scudder, Stevens & Clark uses a foundation of research and exploration of investment alternatives whether they are fashionable or not. The company identifies and analyzes the conditions and basic trends of economies, industries and companies.

It has been registered with the SEC as an investment adviser since 1940.

The client contact is C. Lennis Koontz II at (212) 350-8442.

State Street Bank & Trust Co.

225 Franklin St., Boston, Mass. 02101; (617) 786-3236

State Street Bank & Trust managed $422 million U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The bank has six U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $8.7 billion as of the beginning of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 48%; Germany, 10%; the Netherlands, 5%; United Kingdom, 19%; and Switzerland, 5%.

Analysts or portfolio managers are stationed in Boston.

For investing U.S. tax-exempt assets, the bank's approach is flexible, offering a variety of vehicles with varying degrees of active management and risk. The vehicles include a passive index fund of nine markets intended to closely track the EAFE index; a fund indexing the same nine markets, but adjusting allocation according to the bank's own evaluation; and a fund of 25 to 50 undervalued equities of the world's most promising growth companies.

The client contact is Harry Sterling Jr.

t

Teachers Insurance & Annuity Association-College Retirement Equity Fund

730 Third Ave., New York, N.Y. 10017; (212) 916-4000

TIAA-CREF has $1,279 million invested internationally, of which $829 million is invested in foreign stocks for the College Retirement Equity Fund and $450 million is invested in foreign bonds for the Teachers Insurance Annuity Association.

The international equity investments for CREF, as of March 31, were most heavily weighted in Japan 42%; United Kingdom, 18%; Canada, 9%; Germany 7%; and Australia, 5%.

TIAA-CREF's international investments are designed to maximize return through diversification of assets and active management.

Henry A. Frantzen, senior vice president and investment manager of CREF, heads equity investments and Frank J. Pados, senior vice president, directs bond investments.

Templeton Investment Counsel Ltd.

405 Central Ave. P.O. Box 3942, St. Petersburg, Fla. 33731; (813) 823-8712

Templeton Investment managed $270 million in U.S. tax-exempt assets overseas as of Jan. 1. The full amount was invested in foreign stocks. The company has 32 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $2.7 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Canada, 8%; the Netherlands, 6%; Japan, 4%; Australia, 2%; and Sweden, 2%.

Analysts or portfolio managers are stationed in Fort Lauderdale, Fla., and Nassau, Bahamas.

Minimum account size for individual management is $10 million.

For investing U.S. tax-exempt assets, the firm uses fundamental analysis and searches for under-valued securities on a worldwide basis. The approach is long term and flexible inasmuch as there is no initial country or currency allocation. Portfolios are structured with stocks selected on the basis of their relative undervaluation.

Since 1954, the firm has been registered with the SEC as an investment adviser.

Client contacts are Ann-Margaret Ulrich, fund management, in St. Pe-

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Thorndike, Doran, Paine & Lewis/Wellington Management Co.

28 State St., Boston, Mass. 02109; (617) 742-8100

Thorndike, Doran, Paine & Lewis/Wellington managed $26 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $25 million was invested in foreign stocks and $1 million in foreign bonds. The company has six U.S. tax-exempt clients.

The total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $9 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 51%; with France, Germany, the United Kingdom and the Netherlands each with 6%.

Analysts or portfolio managers are stationed in Boston.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm's equity approach is long term, achieved by focusing on a selected, diversified and dynamic group of growing foreign companies. Timely identification of the best relative values among various foreign markets allows the firm to reposition the portfolio to take advantage of valuation changes.

For fixed income, the firm anticipates interest rate trends in each of the countries in which it is invested. Also risk is minimized by investing the major part of the portfolio in government-backed foreign securities.

The firm has been registered with the SEC as an investment adviser since 1960.

The client contact is Jerrold Mitchell, vice president, director, international department.

Touche Remnant Pension Fund Management Ltd.

Mermaid House, 2 Puddle Dock, London EC4V 3AT England; (01) 236-6565

In March, Touche Remnant obtained its first U.S. tax-exempt client.

As of Jan. 1, Touche Remnant Holdings Ltd., the parent company, and its subsidiaries managed $2.7 billion in total assets.

As of March 31, slightly more than half the international equity assets were concentrated in the United Kingdom, with 24% in the United States; 10% in Japan; 4% in Australia; and 3% in Hong Kong.

Analysts or portfolio managers are stationed in London.

The minimum account size for individual management is $5 million.

Touche Remnant's investment approach for U.S. tax-exempt assets is an equity-oriented, top-down strategy. Security selection is based on in-depth global research with emphasis on financially strong, well-managed growth companies.

The firm is registered with the SEC.

David H. Carter is the client contact.

Travelers Asset Management International Corp.

122 E. 42nd St., Suite 3506, New York, N.Y. 10017; (212) 867-6233

Travelers Asset Management, a subsidiary of The Travelers Corp., has no U.S. tax-exempt assets under management now. It does make international investments in U.S. dollar-denominated securities for a number of offshore clients. Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $700 million as of Jan. 1.

As of March 31, the firm's international fixed-income assets were invested in the securities of these countries: United States, 35%; Japan, 15%; Sweden, 10%; and international institutionals, 20%.

Analysts or portfolio managers are stationed in New York.

Minimum account size for individual management is $5 million.

TAMIC actively manages separate portfolios in international fixed-income securities. Investment tools have been developed to maximize returns that exceed those obtainable in domestic fixed-income investments.

As of February 1982, the company has been registered with the SEC as an investment adviser.

The client contact is Werner R. Genieser, senior vice president.

Travelers Hill Samuel International Ltd.

One Tower Square, Hartford, Conn. 06115; (203) 277-3772

Travelers Hill Samuel International, a joint venture of The Travelers and Hill Samuel Investment Management Ltd., managed $30 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $25 million was invested in foreign stocks and $5 million in foreign bonds. The company has eight U.S. tax-exempt clients.

The total U.S. and non-U.S. assets under management by parent organizations and their subsidiaries were $34 billion as of the start of the year.

As of March 31, the international equity assets were committed most heavily in Japan, 36%; United Kingdom, 14%; Germany, 8%; Netherlands, 8%; and Switzerland, 7%.

Analysts or portfolio managers are stationed in London.

Minimum account size for individual management is $5 million.

For investing U.S. tax-exempt assets, the firm appraises markets and stocks in U.S. dollar terms on the same criteria of long-term value measured by its dividend discount model. Shorter term risk/reward is measured by one-year ranges within which prices are expected to fluctuate. Long-term currency value is measured on a purchasing power parity basis.

As of 1982, the firm has been registered with the SEC as an investment adviser.

The client contact is John C. Parish Jr., executive vice president.

V

Van Cleef, Jordan & Wood

230 Park Ave., New York, N.Y. 10169; (212) 986-2600

Van Cleef, Jordan & Wood managed $5 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks. The firm has no U.S. tax-exempt clients geared specifically for international investment, but is seeking such business.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $205 million as of Jan. 1.

As of March 31, the international equity assets were committed in Japan and Australia.

Analysts or portfolio managers are stationed in New York, Troy, N.Y., and Weston, Conn.

Minimum account size for individual management is $100,000.

For investing U.S. tax-exempt assets, the firm determines future trends of interest rates and inflation and defines an asset allocation model. It utilizes top-down and bottom-up appoaches to determine the upside potential vs. downside risk and the prospective dividend growth to support the stock's valuation.

The firm is registered with the SEC.

The client contact is Carl Lawrence.

Van Eck Management Corp.

270 River Road, Briarcliff Manor, N.Y. 10510; (212) 687-5200

Van Eck Management managed $37 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $35 million was invested in foreign stocks and $2 million in foreign bonds. The firm has 110 institutional U.S. tax-exempt clients invested in its International Investors Inc., an internationally oriented mutual fund.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $455 million as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in South Africa, 66%; Canada, 13%; and the United States, 8%.

Analysts or portfolio managers are stationed in New York City.

Minimum account size for individual management is $500,000.

Van Eck's investment decisions depend upon world business and political conditions, inflationary pressures, foreign exchange relationships and interest rates. Desirable industries are identified on a global basis. Equities are selected on their potential for superior earnings growth, and the company's competitive position and balance sheet ratios. Debt instrument selection depends on credit analysis, foreign exchange and interest rate trends.

The company is seeking ERISA accounts for its separate account investment management program.

Since 1972, the company has been registered with the SEC as an investment adviser.

Nicholas Reitenbach is client contact.

Verus International

30 Broad St., 43rd Floor, New York, N.Y. 10004; (212) 943-9200

Verus International, a subsidiary of Arnhold and S. Bleichroeder Inc., had $16 million invested internationally as of Jan. 1 for the firm's seven U.S. tax-exempt clients. Of this, $15 million was in equity assets.

As of the same date, the parent company and its subsidiaries managed $325 million.

As of March 31, the heaviest commitments of non-domestic equities were in Great Britain, 30%; the Netherlands, 14%; Japan, 13%; France, 12%; and Sweden, 12%.

All analysts or portfolio managers are stationed in New York.

The SEC-registered firm aims for high rates of return from international investments with a concentrated portfolio utilizing a maximum of 30 securities. It builds portfolios on fundamental research of individual securities. Reduction of portfolio risk through international diversification is a secondary consideration for Verus.

Fred Reynolds, vice president, is the client contact.

Virginia National Bank

P.O. Box 3000, Norfolk, Va. 23514; (804) 441-4063

Virginia National Bank, a subsidiary of Virginia National Bankshares, managed $4.4 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $2.3 million was invested in foreign stocks and $2.1 million in foreign bonds. The bank has 35 U.S. tax-exempt clients.

The total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $894 million as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 28%; United Kingdom, 23%; Germany, 15%; the Netherlands, 15%; and Switzerland, 6%.

Analysts or portfolio managers are stationed in Norfolk.

For investing U.S. tax-exempt assets, the bank uses quantitative models and analyses, along with fundamental research, to support asset allocation and security selection consistent with the client's tolerance for risk.

The client contact is Mark T. Finn at (804) 441-4373.

W

Warburg Investment Management International Ltd.

55 Water St., 29th Floor, New York, N.Y. 10041; (212) 747-8948

Warburg Investment Management, a subsidiary of S.G. Warburg & Co. Ltd., managed $237 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $200 million was invested in foreign stocks. The firm has 14 U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $7.3 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 50%; Germany, 15%; Switzerland, 10%; the Netherlands, 10%; and United Kingdom, 8%.

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Analysts or portfolio managers are stationed in London.

For investing U.S. tax-exempt assets, Warburg moves funds among markets and types of assets in order to exploit inefficiencies that exist within and among international financial markets.

The firm has been registered with the SEC as an investment adviser since 1976.

The client contact is Stephen B. Cohen.

Wardley Marine International Investment Management

250 Park Ave., New York, N.Y. 10177; (212) 949-5827

Wardley Marine is a joint venture of Wardley Investment Services Ltd. and Marine Midland Banks Inc. The company has no U.S. tax-exempt clients or assets now.

The total U.S. and non-U.S. assets under management by both parent organizations and their subsidiaries were $4.1 billion as of Jan. 1.

As of March 31, the international equity assets were committed most heavily in Japan, 33%; United Kingdom, 16%; Australia, 6%; Hong Kong, 6%; and Germany, 5%.

Analysts or portfolio managers are stationed in London, New York, Hong Kong, Singapore and Melbourne.

Minimum account size for individual management is $2.5 million.

The investment approach for U.S. tax-exempt assets is active, top-down and equity oriented, with emphasis on assessment of relative value of one market vs. another. Markets and currencies are weighted regularly.

The firm has been registered with the SEC as an investment adviser since September 1982.

The client contact is Christopher J. Bain.

Wells Fargo International

P.O. Box 63029, San Francisco, Calif. 94163; (415) 396-3778

Wells Fargo International had $6 million invested internationally for two U.S. tax-exempt clients as of Jan. 1. All of the assets were invested in foreign stocks.

The highest concentrations of international investments were Japan, 48%; United Kingdom, 22%; Germany, 9%; Switzerland, 5%; and Australia, 4%.

Minimum separate account size is $50 million; the firm also offers a commingled fund, with a minimum investment of $200,000.

The Wells Fargo Bank international fund is a passively managed collective investment fund for tax-exempt assets designed to provide cost-effective participation in the returns of a broad group of foreign equity markets and to reduce the risk of the total equity portfolio.

Thomas A. Middleton, vice president and director of marketing, is the client contact.

Wertheim-Philippe International

230 Park Ave., New York, N.Y. 10169; (212) 578-0780

Wertheim-Philippe International is a joint venture of Wertheim Asset Management Services Inc. and Philippe Group of Paris.

The company has no U.S. tax-exempt assets or clients now. Total U.S. and non-U.S. assets under management by both parent organizations and subsidiaries were $226 million as of Jan. 1.

As of March 31, the equity assets were committed most heavily in the United States, 46%; Japan, 11%; France, 6%; South Africa, 5%; and Holland, 4%.

Analysts or portfolio managers are stationed in Paris, New York and Luxembourg.

Minimum account size for individual management is $5 million.

The firm's approach to investment is top-down. A key factor in achieving a balanced portfolio is diversification of investments among many countries and sectors. Currency and interest rate considerations affect the attractiveness of various markets. At times, the firm invests for a short period in fixed-income securities. The firm pays attention to a country's political climate.

The firm has been registered with the SEC as an investment adviser since February 1982.

The client conact is Robert P. Follert.

Wood, Struthers & Winthrop Management Corp.

140 Broadway, New York, N.Y. 10005; (212) 902-4393, (800) 221-2832

Wood, Struthers & Winthrop, a subsidiary of Donaldson, Lufkin & Jenrette Inc., managed $5 million in U.S. tax-exempt assets internationally as of Jan. 1. The full amount was invested in foreign stocks.

The firm has no U.S. tax-exempt clients that are specifically geared toward international investments, but an unspecified number have international holdings in their portfolios.

Total U.S. and non-U.S. assets under mangement by the parent organization and subsidiaries were $1.2 billion as of the beginning of the year.

As of March 31, the international equity assets were most heavily committed in Japan, the Netherlands, and Great Britain.

Analysts or portfolio managers are stationed in London, Paris, Zurich, New York, Boston, Chicago, Dallas, Houston, Miami, San Francisco and Santa Barbara, Calif.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm's approach is fundamental research emphasizing investments that enhance capital while minimizing risk. Maximization of return is achieved through asset allocation among a variety of investments and diversification within each investment sector.

The firm has been registered with the SEC as an investment adviser since 1949.

The client contact is Angelina M. Painter.

y

Yamaichi Capital Management Inc.

One World Trade Center, Suite 5361, New York, N.Y. 10048; (212) 432-6600

Yamaichi Capital, a subsidiary of Yamaichi International Capital Management Co. Ltd., managed $19 million in U.S. tax-exempt assets internationally as of Jan. 1. Of this, $16 million was invested in foreign stocks and $3 million in foreign bonds and cash. The company has three U.S. tax-exempt clients.

Total U.S. and non-U.S. assets under management by the parent organization and subsidiaries were $270 million as of Jan. 1.

As of March 31, the international equity assets were committed entirely in Japan.

Analysts or portfolio managers are stationed in Tokyo, Osaka, New York, Los Angeles, London and Hong Kong.

Minimum account size for individual management is $1 million.

For investing U.S. tax-exempt assets, the firm's approach emphasizes stable fund growth and investment returns. It stresses research, top-down selection and active/flexible management.

The firm has been registered with the SEC as an investment adviser since March 1981.

The client contact is Teijiro Yamada.

Any international investment adviser not listed in this year's directory that wishes to be included next year should write to Michael Clowes, Editor, *Pensions & Investment Age*, 220 E. 42nd St., New York, N.Y. 10017, Attention: profiles.

U.S. Trust top fund . . .

Continued from page 13

small number of funds, they are ranked together.

U.S. Trust linked its 8.5% return to a 12% weighting in the Netherlands—more than triple its 3.7% weight in EAFE.

"The Netherlands is our play on Germany because it's so close and because the German market is too expensive now," said Kirk Sweeney, assistant vice president U.S. Trust International Corp. U.S. Trust's $12.3 million fund underweighted Germany at 2%, compared with its 9.1% weighting in EAFE.

"We're looking for a strong deutsche mark and when the deutsche mark goes up, you usually get a strong Dutch guilder," said Mr. Sweeney.

As of March 31, the fund weighted Japan at 37.8%; the United Kingdom, 11%; Norway, 1.5%; Italy, 3%; France, 1%; Sweden, 4%; and Australia, 5.5%. During the quarter, it reduced U.S. Treasury bills to 9% from 18%.

Centerre Trust Co., which jointly sets asset allocation with Morgan-Grenfell, said the European markets, Holland, Switzerland and Germany, were responsible for its 7.5% return. John Rabenau, vice president-pension investing, said the $22.1 million fund invested 45% of its assets in Japan, expecting the yen to appreciate against the dollar. Germany was weighted 13%; the United Kingdom, 7%; France, 5%; Holland, 11%; Switzerland, 6%; Hong Kong, 3%; and 7% in Sweden and Denmark.

Chase Manhattan Bank's $91.4 million global international equity fund weighted Japan 41.3%, roughly equal to EAFE. In the Pacific Basin, Chase triple-weighted Singapore, 10.2%, and Hong Kong 5.5%, what Vice President Thomas Connelly refers to as the high beta or high volatility markets. But the fund's performance came from Europe, with Germany weighted at 26.4%, Holland at 7.3% and Switzerland at 6.6%, where there was a strong currency component linked to the very powerful recovery in the German market, Mr. Connelly said.

First of Chicago's international dollar fund benefited from the better returns of Yankee bonds and Eurobonds compared to U.S. corporate bonds last quarter. First Chicago's international dollar fund was up 5.9% vs. 3.2% for the Lehman Bros. Kuhn Loeb government/corporate bond index, said Richard Carr, president. The $39 million fund profited from sales as yield spreads between bonds narrowed. ■

Pension program slated for June

SPRINGFIELD, Ill.—The Illinois Institute for Continuing Legal Education and the employee benefits section of the Illinois State Bar Association will co-sponsor a program "Pension Planning and Practice" June 3, 1983. The program will originate from the institute's Chicago facilities and be broadcast throughout Illinois. The 1983 edition of the Pension Planning and Practice handbook will be available June 3. For information, contact the institute at 2395 W. Jefferson St., Springfield, Ill. 62702. ■

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Features

Bond-market guesswork

Have rates scraped the bottom or will they keep sinking?

By David L. Lindsay

THE BOND market is definitely flying warning flags. The recent decline in rates has been steeper than any since the end of World War II. It already has lasted longer than the average span; by one measure, it has retraced more of the previous advance than any other downswing.

But inflation-adjusted interest rates are remarkably high and there still might be room for further declines.

Bond prices bottomed out in September 1981 and since then, higher-grade issues have rebounded by 40% or so. Combined with the unprecedented interest rates available at that time, the price rally has produced huge returns for bondholders of 1½ times those generated by the stock market upturn.

One way to get your bearings in any market is to compare recent cyclical developments with those of past cycles. There were eight periods of declining long-term interest rates in the post-World War II period prior to the current one (shown in Table I).

At first glance, the past year-and-a-half's decline in interest rates might seem to have run its course, if it is going to follow the pattern of previous cycles. Consider the following comparisons:

• In the current cycle, long-term rates have plunged 6.37 points from 18.5% to 12.13%. The average decline in interest rates for th[illegible]ght earlier periods was 1.63 points.

• The average percentage decline in the latest downward move has been 34% (6.37 divided by 18.5). The eight-period average was 22%.

While this difference is not so extreme as the raw percentage-point comparison, long rates in this cycle already have tumbled half again as much as in the average cycle. The 34% drop exceeds the previous record of 27% established in 1957-'58.

• On average, bull markets in bonds have lasted 14 months. The latest episode had run 18 months when the table's data were compiled.

The range on bull markets, however, is extremely wide with a low of three months and a high of 40 months.

• Finally, each downward swing in yields has retraced some, but not all, of the preceding rise. (See Table II.)

Each peak topped the preceding one and each trough was higher than the last, so past declines never have erased all of the upward trend. On average, interest rates have dropped back by about two-thirds of the earlier gain.

In the past 18 months, 91% of the 1980-'81 rise already has been wiped out, overshooting the previous record of 78%.

Based on these observations, it would not be difficult to conclude the bond market rally has just about run its course.

But, as always, there are several ways of reading the numbers.

For instance, many economists argue the brief recession of 1980 and the associated decline in bond rates weren't the real thing; instead, they were artificially induced by the credit controls imposed early in that year.

As soon as the controls were removed, the declines in real activity and interest rates were reversed. If this interpretation is accepted, there have been only seven completed periods of falling rates, rather than eight.

By this calculation, the last stretch of rising rates would have run 57 months, from December 1976 until September 1981, easily the longest such period in the postwar era. Long-bond rates rose from 7.8% to 18.5% for a gain of 10.7 percentage points or 137%.

The recent drop from 18.5% to 12.13% represents only a 60% retracement of the previous advance, a figure moderately below average.

Viewed this way, the current drop in rates might be expected to go further.

Interest rate cycles also can be compared on the basis of real, or inflation-adjusted interest rates. The table below compares real rates in the trough months of each postwar cycle.

The real rate for March 1983 seems remarkably high.

With the exception of the November 1949 and June 1980 troughs, the real rates shown in the table below cluster within a band of 0% to 3%.

The current 8.53% return above and beyond inflation is well outside this range, and suggests the possibility of further declines in interest rates.

How far might the rate decline continue? Given the 1.55% average spread of long-bond rates over inflation, the most recent year's 3.6% rise in the price index would imply a nominal trough rate this time of around 5.15%, and rates still would have a long way to fall from 12% or so.

If the 1980 episode is excluded, the expected spread over the inflation rate would be 2.17%, producing a target trough yield of 5.77%, still far below the current level.

Even using the most unfavorable relationship between yields and inflation, the November 1949 spread of 4.57%, the trough rate in the current cycle would be 8.17%, nearly four percentage points below today's rate. However, investors might insist on bigger premiums over inflation than they have in the past.

Greater volatility in interest rates seem to call for a wider safety margin, and there is also an ingrained fear of another upsurge in inflation. ■

David L. Lindsay is senior vice president at David L. Babson & Co. Inc.

Money demand theory . . .

Continued from preceding page

of monetary expansion in the last half of 1982 are near record rates. Every period of comparable money growth has been followed by rapid growth of GNP within one or two quarters.

If recent money growth is the result of extemporaneous Fed stimulus, rather than of rising money demand, the economy should exhibit a broad-based recovery in early 1983. Real GNP should grow 4% at the very least in the first and second quarters.

Any slower pace of output growth, or any sign that growth was concentrated in inventory swings and not fully reflected in final demand, would imply that a significant increase in money demand has occurred, with the Fed merely accommodating this demand.

We expect such a weakening to occur. We believe the secular adjustments to disinflation are not complete, and that as some temporary strength in housing and autos die off, the economy will limp through midyear before a sustainable recovery occurs. This weak economy will cause money demand theories to be widely resurrected to explain why weak GNP and weak velocity can occur alongside rapid M1 growth.

This awareness of money demand changes will lessen anxiety over above-target M1 growths and this, along with the weakening economy, should lead to a sharp decline in interest rates.

In any case, the theory that money demand has increased sharply in response to lower inflation and that this phenomena reflects rapid M1 growth of late has strong support.

Economic theory, the qualitative behavior of the economy under disinflation, and the technical features surrounding M1 growth all back up this theory. The behavior of the economy in the first half of this year will, however, actually vindicate or refute its merits. ■

Michael Bazdarich is vice president, director of forecasting, at Claremont Economics Institute, Claremont, Calif.

Table I

Yield in Bond Market Rallies

Period	Peak Rate (%)	Trough Rate (%)	Point Change	Percent Change	Number of Months	Percent of Previous Advance Retraced
Nov. 1948—Nov. 1949	3.27	2.64	−0.63	−19	12	78
May 1953—Feb. 1954	3.78	2.90	−0.88	−23	9	77
July 1957—Jan. 1958	5.00	3.65	−1.35	−27	6	64
Sept. 195[illegible]—Jan. 1963	5.15	4.19	−0.96	−19	40	64
Aug. 1966—Jan. 1967	[illegible]	5.05	−1.10	−18	5	56
June 1970—Jan. 1971	[illegible]	7.00	−2.25	−24	7	54
Sept. 1974—Dec. 1976	[illegible]	7.80	−2.80	−25	27	76
March 1980—June 1980	14.75	11.50	−3.25	−22	3	47
Average			−1.63	−22	14	65
Sept. 1981—Nov. 1982	18.50	12.25	−6.25	−34	14	89

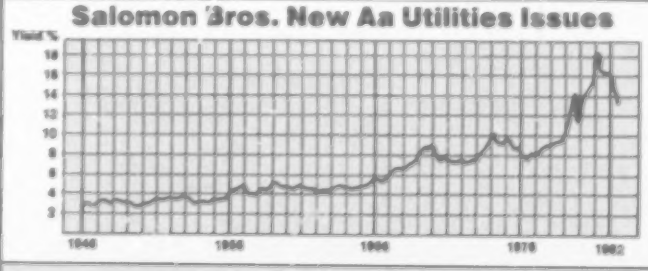

Table II

Date of Trough	Trough Interest Rate (%)	Inflation Preceding 12 Months (%)	Real Interest Rate (%)
Nov. 1949	2.64	−1.93	4.57
Feb. 1954	2.90	1.51	1.39
Jan. 1958	3.65	3.51	0.14
Jan. 1963	4.19	1.37	2.82
Jan. 1967	5.05	3.44	1.61
Jan. 1971	7.00	5.20	1.80
Dec. 1976	7.80	4.92	2.88
June 1980	11.50	14.35	−2.85
		Average	1.55
Nov. 1982	12.25	4.95	7.30

C2710-2

4 AT&T regions to claim assets Jan. 1

This story was researched and written by Kimberly Blanton, Linda Savage Ruhe and Mark Westerbeck.

NEW YORK—The Far West, Northwest, Southeast and Southwest regional telephone companies will begin receiving their part of the Bell System's $45 billion in pension assets Jan. 1, 1984.

Under the proposed reorganization plan for American Telephone & Telegraph, each of the seven regions was given the choice of taking between 55% and 65% of its pension assets Jan. 1 or waiting until they are better prepared to do so.

The four regions have chosen to take some assets Jan. 1 in the option labeled "flash-cut." They will receive the remainder of their assets as AT&T finishes its actuarial evaluations.

"The fund restructuring is like building the airplane as it rolls down the runway"

The other three operating companies being formed in the divestiture have chosen the "full-service" option, under which AT&T will continue to manage the assets until all actuarial calculations have been finalized.

The full details of the breakup of the AT&T pension fund still are being worked out. Nevertheless, two years after the consolidation of all its operating companies' pension plans into one central plan under 13 master trust banks, AT&T faces the very large task of allocating its 100 or so pension investment managers among the seven proposed regional companies.

Rough preliminary calculations indicate the seven regions each will receive about $4 billion in pension-fund assets. This would leave the restructured AT&T with about $20 billion in pension assets.

This is exclusive of the savings plan assets, which were not detailed by region. AT&T has another $5 billion in savings plan assets.

According to David Feldman, assistant treasurer, AT&T will follow regional lines in allocating asset managers. The first investment firms to revert to the regional plans

Continued on page 48

Pensions & Investment Age

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The newspaper of corporate and institutional investing • $2.50 an issue • $52 a year • June 13, 1983

Sacramento: With less than a month before the fund is on its own, the situation was compared to holding 'lifeboat drills on the Titanic' three days after it sank.

Deadline: July 1

$10 billion California fund scrambles for managers

By Steve Hemmerick

SACRAMENTO—$10 billion in pension fund assets may go unmanaged starting July 1 as a result of bureaucratic and political squabbles over staffing for the California State Teachers Retirement System.

Trustees are scrambling to find "interim" outside investment managers for the system before its separation from the California Public Employees' Retirement Fund.

Although the legislated split is to occur July 1, no investment staff has been hired for the system, and Executive Director Michael Thome said the search for outside management was one of "several alternatives" being studied.

However, he added many investment firms are saying 'no' to the proposal, primarily because it would be an interim assignment.

The system apparently still hopes for an in-house staff, the beginning of which it thought it had several months ago.

But bureaucratic and political squabbles over salaries for investment staffers resulted in the resignation last March of Mel Peterson, the teachers' chief investment officer and the only investment staff member it had.

"Something must be done to help us," Dorothy Mosher, vice chairman of the teachers' retirement board told some key state legislators the day before a special investment meeting was held. A bill passed by the Legislature last year separates on July 1 the assets of the teachers' system from the $18 billion California Public Employees' Retirement system, which had been managing both systems' assets.

But the teachers' system still had no replacement investment staff as the separation was to take effect. In fact, things were so confused by

Continued on page 47

Graniteville Co.

Pension funds key in acquisition talks

By Nancy Webman

GRANITEVILLE, S.C.—The $25 million overfunded portion of Graniteville's $60 million in pension assets is being used as partial collateral in a proposed leveraged buyout.

The buyout proposal, by URSA Corp., was made in an attempt to stave off a takeover of Graniteville by Southeastern Public Service Co., controlled by Miami Beach financier Victor Posner. Southeastern controls about 23% of Graniteville.

URSA lined up a $120 million line of credit with Manufacturers Hanover Commercial Corp. to help finance the planned $145 million acquisition; $25 million of the credit line is against the amount due from the pension plan overfunding.

URSA was formed to acquire all the 4.94 million outstanding shares of Graniteville, including

Continued on page 50

Block holding spurs suit

Macmillan files suit, while David J. Greene sells shares

By Kimberly Blanton

NEW YORK—Investment adviser David J. Greene and Co. has sold the 1 million-share block of common stock that spurred a lawsuit by Macmillan Inc.

The publishing firm in a suit filed in U.S. District Court accused principals at David J. Greene of masking what it claims was their true intention of selling the block to a third party at a premium or in some other way attempting to "manipulate" the share price.

It charges that in not stating its true intention, the firm's filings with the Securities and Exchange Commission were false.

The lawsuit also cites inadequate disclosure of violations of the Employee Retirement Income Security Act in investing tax-exempt investors' accounts, and points to the fact that partners of David J. Greene were invested in the stock to a

Continued on page 53

Late news

Bank assumptions

NEW YORK—Nearly 70% of the largest U.S. banks raised investment-return assumptions used in funding pension plans during the past two years, according to a study by Buck Consultants Inc.

The average investment-return assumption used by large commercial banks is 7.4%. Nearly 70% of 51 banks surveyed by the employee benefits consulting firm use assumptions in the 7% to 8% range. The highest assumption used was 9%, while the lowest was 5.5%.

About 43% of the banks raised investment-return assumptions in 1982, while 18% revised them as

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Banks take a new tack: Circumvention at the state level
In Corporate Finance, page 33

South Africa investment study

Higher risks, less diversity seen in divested portfolios

COLUMBUS, Ohio—Divesting the stock of companies doing business in or with South Africa could have "significant consequences" for a pension fund, an Ohio group states.

According to a report by the Ohio Retirement Study Commission, higher risks and less diversification could result from total divestiture.

But the study also states "it is debatable whether divesting and excluding 'South African investments' achieves anything.

"There is ... somewhat more support for the proposition ... supporting a policy which pressures American companies to set a good example in their South African operations ...."

The study was conducted by the commission at the request of the Ohio Legislature in response to two bills that would affect portions of the five state public pension funds. The funds have assets totaling more than $11 billion.

Both bills would prohibit investment in American corporations that have any business relationship with South Africa or investments located in South Africa.

One bill adds an additional prohibition against investing in any bank or building and loan association that makes loans to either the South African government, South African businesses or a subsidiary or affiliate of a U.S. company operating in South Africa, according to the study.

> *"It is debatable whether divesting and excluding 'South African investments' achieves anything"*

Both bills are broadly drawn and the aim is the same—to help institute an economic boycott against South Africa, the study adds.

The commission raises—and attempts to answer—four questions about the restriction of pension fund investments in U.S. companies with South African business operations:

- Would a restrictive investment strategy result in a lower rate of return on investments, thus jeopardizing future pension benefits?
- Would the use of restrictive investment criteria violate the legal and fiduciary responsibilities of the pension fund trustees?
- Would such a strategy, in the aggregate, influence American corporate policy in this area?
- Would the strategy influence the South African government in the area of race relations?

The commission said that while the evidence is not conclusive that lower returns would result, higher risk and lower diversification might indeed result. However it said that as long as other investment opportunities offer equal return potential, and there are no diversification problems, South Africa related companies could be excluded without violating the trustees' responsibilities.

The study added it was debatable whether such a strategy would affect policies directly because South Africa is not overly dependent on U.S. investments.

Although few public pension funds have adopted restrictive investment strategies dealing with South Africa, those that have fall into three categories, according to the study.

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Lucas and Curtis air views of proposed FASB rules

CHICAGO—Proposed regulations on pension fund disclosure would serve only to change corporate debt/equity ratios, or force companies to use accounting methods that are not in their best interest, according to James A. Curtis of the Seattle actuarial consulting firm Milliman & Robertson.

However, the emphasis in the proposed Financial Accounting Standards Board regulations is to make pension fund information more understandable, Timothy S. Lucas, project manager of the FASB, told conference participants here.

Both Mr. Curtis and Mr. Lucas were speaking at a National Employee Benefits Institute meeting here.

Mr. Lucas suggested that users of the information on a company's balance sheet, like investment analysts and those that issue credit, have difficulty understanding what a company's pension costs and liabilities really are because of the multiplicity of methods allowed for funding the pension plans.

He said the proposed FASB pension reporting guidelines would clarify this information for the users. He said the proposals have been based on several beliefs:

- Pension benefits are compensation, not a gratuity.
- The cost of an employee's pension should be recognized during the employee's working life.
- The employer has an obligation for benefits already earned.
- The plan benefit formula should provide evidence of benefits earned.
- Plan funding may be based on other factors.

Responding to Mr. Lucas, Mr. Curtis, president and chief operating officer of Milliman & Robertson, suggested there were cases where the proposals would force employers to put more into their pension plans than they would be

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Late news

Continued from page 1

early as 1981. For a two-year period, the average increase was 1.3%.

Four banks changed this key assumption for both years. Another decreased it by 0.5% in 1981.

"Interestingly, nine of the banks now use a separate, higher investment-return assumption for all or a portion of the liabilities for retired participants," said Douglas C. Borton, Buck's chief actuary. "Generally, the higher rate is tied to a high-yield, dedicated portfolio."

Venture capital head

New York—Archie J. McGill, former president of American Bell's Advanced Information Systems division, has joined Rothschild Inc. to head up its venture capital group.

Mr. McGill, 52, will serve as president and chief executive officer of Rothschild Ventures Inc., according to Robert Pirie, president and chief executive officer of Rothschild Inc. The venture unit is being restructured as a wholly owned subsidiary of the investment firm.

New Coke executive

ATLANTA—The Coca-Cola Co. is in the process of hiring a new officer to oversee its $260 million pension fund, according to sources.

The new executive will take control from Thomas H. Jewett, assistant treasurer, who is nearing retirement, the sources said.

New Copley venture

BOSTON—Copley Real Estate Advisors Inc., a specialist in developmental joint ventures, has solicited Morgan Stanley Brooks Harvey to market a $440 million closed-end partnership to major pension funds and endowments.

New England Mutual Life Co., Copley's parent, has kicked in $220 million worth of real estate assets from its general account with the intent of filling out the partnership with pension fund cash.

California sells stock

SEATTLE—The $18.7 billion California Public Employees Retirement System sold off its entire holdings of Seafirst Corp. stock at "some" loss, according to fund officials. Seafirst is being acquired by Bank of America.

A PERS investment officer said the fund decided it would be better off selling the shares and putting the proceeds into its new index fund, rather than tendering to Bank of America.

Since the takeover bid in April, the California fund has sold its 535,000 shares, or 3.3% of total shares outstanding, at an average of about $13 a share. The tender offer is estimated at about $15.20 a share, but it includes preferred stock whose value depends on the performance of the energy loan portfolio.

Sandoz appointments

EAST HANOVER, N.J.—Sandoz Inc. hired BEA Associates, New York, as an equity manager for $5 million of its $116 million pension fund effective July 1, according to Robert Yelin, manager of investment funds. In addition, Wentworth, Hauser and Violich, San Francisco, replaced Brown Bros. Harriman & Co., New York, as sole manager for Sandoz's $8 million Voluntary Employees' Beneficiary Association fund.

Continental named

CHICAGO—Laidlaw Bros., a division of Doubleday Publishing Co. based in River Forest, Ill., has named Continental Illinois National Bank and Trust Co. master custodian for its profit-sharing and savings plans, according to sources. The funds reportedly have $15 million in assets.

New closed-end fund

SAN FRANCISCO—Montgomery Securities raised $25 million for a closed-end bridge fund to invest in companies on the brink of going public. Money was raised from six pension funds, five insurance companies and several private family endowments, according to Tom Weisel, senior partner, who would not reveal the investors' identities. Minimum participation was $500,000 but some institutions put in up to $15 million.

The fund's first closing was in January and its second in March.

Two advisers hired

ABILENE, Texas—Abilene Christian University hired Trident Investment Management, Paramus, N.J., for bonds and Estabrook Capital Management, New York, for equities to manage its $5 million non-contributory retirement plan, according to Tim Yarbrough, investment analyst.

E.F. Hutton, Dallas, which served as a consultant on the manager search, was appointed custodian/broker.

Institutions dive into aerospace stocks

But IBM stock bombed the first quarter

SILVER SPRING, Md.—Apparently convinced that Congress would not trim significantly President Reagan's planned defense buildup, institutional investors made aerospace stocks their top purchase in the first quarter of the year.

At the same time, International Business Machines fell out of favor with the institutions, who were net sellers of $394 million of the computer company's stock.

According to Computer Directions Advisors here, the institutional investors bought $2.02 billion of aerospace securities in the quarter and sold $1.06 billion, for net purchases of $967 billion.

The institutions were heavy net buyers also of office and business equipment stocks, communications equipment manufacturers, automobile stocks and railroad stocks.

Indeed, they were net buyers of more than $589 billion of office equipment stocks, $499 billion of communications equipment manufacturers and $405 billion of auto stocks.

The institutions also clearly were betting on the economic recovery, purchasing cyclical issues such as railroads, $370 million; miscellaneous metals, $328 million; miscellaneous chemicals, $271 million; paper, $208 million; building materials, $194 million; chemicals, $177 million; and aluminum, $158 million.

On the other hand, drug com-

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$1.8 billion in assets used

Funds play a growing role as corporate financing aid

By Nancy Webman

DALLAS—More than 33 companies have used about $1.8 billion in pension fund assets for corporate finance purposes in the past 18 months.

A survey by *Pensions & Investment Age* showed the use of pension assets as corporate finance tools by plan sponsors is becoming increasingly popular, especially among struggling companies.

However, some of the actions are drawing fire from some members of Congress, and others who were involved in writing the Employee Retirement Income Security Act.

The $1.8 billion represents transactions reported by *P&I Age*. Observers suggest a number of similar transactions went unreported, so the final tally could be higher.

Although digging into pension funds as a source for corporate finance was done by some companies prior to the passage of the act, the bulk of the post-ERISA use began late last year with a rash of non-cash contributions and plan terminations in which excess assets reverted to the corporation.

Included in the $1.8 billion figure are the following types of transactions:

• Contributions of stock, bonds, real estate, oil and gas royalties and leasehold interests in lieu of cash (almost $1.1 billion).

• Termination of overfunded plans where excess assets revert to the company and are used for such purposes as debt reduction (about $668 million).

• Other moves include sales of property or facilities to the pension fund by the corporation; purchases of real estate by the fund and leased to the corporation; and equipment loans to the corporation from the fund.

The use of employee stock option plans was not included.

Interviews with more than a dozen attorneys, consultants, corporate finance experts, government officials and others knowledgeable about the use of pension assets in corporate finance reveal myriad reasons for the proliferation of these transactions.

> *"It's an area of financing a business that has not had sufficient attention paid to it."*

One frequently named is the maturation of ERISA. Although the law was passed nine years ago, it took a number of years for people to become comfortable with it.

Roger Thomas, a staffer for the U.S. House Select Committee on Aging, which is studying such issues as terminations and non-cash contributions, said employers engaged in circumspection for about five years after ERISA became law. "There was fear and intimidation, and many employers were chagrined to try anything," Mr. Thomas said. "Now, employers are less uncomfortable. Their counsel and consultants are more knowledgeable and know the limitations, so they look for loopholes."

"There is the realization now that ERISA is something that can be lived with and worked with as opposed to an initial reaction of intimidation," added Dave Eager, corporate vice president and national director of Meidinger Asset Planning Services Inc.

In addition, the current economic climate and its effect on some companies have prompted the actions.

"It has been driven by the economy to a degree, principally with stock contributions," said Dallas L. Salisbury, executive director of the Employee Benefits Research Institute.

Attorney Gloria Pollack, an expert in plan terminations and reversions, said terminations come up "when there's a distress signal . . . I don't think in the ordinary course of things people say, 'Oh boy, look at this pot of money. Let's terminate the plan.'"

In the case of stock or bond contributions, such transactions often are made by healthy companies that have an immediate cash flow problem, said Jim Rotenberg, a benefit consultant at Buck Consultants. These contributions might be made simply for cash conservation, he said.

Another reason given for the increasing use of pension fund assets is the recent rise in acquisition activity.

According to Ms. Pollack, acquisition experts now routinely examine the pension fund when considering taking over a company. The purchase price might be affected if the plan is overfunded, she said.

"Overfunding makes the company more attractive . . . That's just part of your due diligence. Generally, it's not what makes or breaks the deal," the attorney said.

Pension assets also are used frequently for defense during a takeover attempt, in "burying employer securities in friendly hands," Mr. Rotenberg noted.

Others pointed to the actions as

Continued on page 52

Corporate use of pension assets

Company	Amount ($ million)	Transaction
Alcoa	57.9	common stock contribution
American Airlines	14.6	preferred stock contribution
American Motors	17.6	common stock contribution
AM International	65.0	termination/reversion
A&P	200.0	termination/reversion
Armco	50.0	preferred stock contribution
A.G. Becker	10.0	termination/reversion
Boise Cascade	15.6	timberland sale to fund
Burroughs Corp.	30.0	sale leaseback
Continental Air.	18.0	termination/reversion
Corning Glass	1.7	limited partnership interest
Dan River	10.0	termination/reversion
Diamond Shamrock	18.0	oil, gas royalty contribution
Dresser Industries	25.0	bond contribution
Eastman Kodak	240.8	common stock contribution
Exxon	54.0	real estate contribution
GAF	40.0	termination/reversion
Grumman	44.3	common stock contribution
Harcourt Brace	28.8	fund for corporate headqtrs.
Harper & Row	9.8	termination reversion
Ideal Basic Ind.	6.0	preferred stock contribution
Lear Siegler	5.6	leasehold interest
LLC	0.8	termination/reversion
LTV	25.0	bond contribution
Martin Marietta	75.6	common, preferred stock contr.
Occidental	248.0	termination/reversion
Republic Steel	25.0	preferred stock contribuiion
Reynolds Metals	30.0	preferred stock contribution
Swank	4.0	termination/reversion
Time	4.0	tennination/reversion
Triangle	8.0	termination/reversion
U.S. Steel	335.0	preferred stock contribution
Western Airlines	50.0	terminations/reversions
Wheeling Pitts.	26.3	preferred stock contribution
Yenkin Majestic	0.22	equipment loan
Total	$1,794.6	

PBGC elects to test portfolio insurance

By Steve Hemmerick

LOS ANGELES—A planned test of "portfolio insurance" by the Pension Benefit Guaranty Corp., if successful, could lead to much more widespread use of the product by plan sponsors.

The three major vendors of portfolio insurance—Leland O'Brien Rubinstein Associates, Wilshire Associates and Kidder, Peabody & Co. Inc.—have run into some resistance with money managers saying the product is "too good to be true."

Yet, interest is being shown and a test is planned by the PBGC, which is supposed to be among the most prudent of investors since it becomes the trustee for terminated plans that don't have sufficient assets to pay guaranteed benefits.

The PBGC test should give some important insights in the workings of portfolio insurance, including how it works with and without money managers. According to a PBGC spokesman, a pilot program scheduled to begin about next month will use "several million" of the $600 million in assets held by the PBGC.

Portfolio insurance is supposed to assure that the user gets a "floor" or minimum return. Depending on the exposure sought, the product could assure the user of a limited loss of principal, no loss of principal or a return equal to the interest assumption for the period the product is used.

While assuring a minimum, it also allows the user to expose an often significant amount of assets to upside potential, 90% and more in some instances of a portfolio's "terminal" value.

It does this by expanding or contracting, based on complex mathematics, the amount of money in Treasury bills or other fixed-income security, and an active equity management account.

Portfolio insurance is supposed to do something many plan sponsors have said they always have wanted to do: go up to some degree when the market is moving upward, but especially to cut off the declines early. Sponsors have said they want this because if the market falls 33%, they have to go up 66% to get back to where they were.

So far, the PBGC has done "extensive simulations" with portfolio insurance, and talked with the three major vendors. It now will test it for a six-month to one-year period. The test should examine the "mechanics" to see if the insurance works as well in the field as in theory. Other aspects of the test should examine how it works with and without money managers, and how

Dennis Tito: Better market expected for Wilshire's year-old product.

it works in different market environments.

In the test, the PBGC will use Leland O'Brien Rubinstein's product, Dynamic Asset Allocation. John O'Brien, president of LOR, says more than $500 million in assets is now protected by his product. Mr. O'Brien says that some cataclysmic event could affect the promised return; if, for instance, the New York Stock Exchange closed one day and opened 150 points lower the next. "It hasn't happened yet, but World War III might be enough to do it," he said.

Mr. O'Brien gave some examples of the upside exposure available to a user. In one example, the user would be asking for a minimum return of "zero"; in other words, the

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No revolving door seen for advisers

Many sponsors find hiring managers is easier than firing; 'It gets emotional'

By Nancy Webman

DALLAS—Despite the proliferation of quantifiable data to evaluate when selecting and terminating investment managers, sponsors and their consultants say firing managers still is harder than hiring them.

Personal relationships between sponsors and managers, a sponsor's reluctance to admit to making a mistake, fear that the replacement manager will be worse than the terminated one and, in the case of bank trust departments, the existence of business relationships between the pension fund's sponsoring corporation and the bank all contribute to the uneasiness a pension fund officer has when it comes to firing a money manager.

"Sure, it's easier to hire; that's the good news," admitted Craig Heatter, administrator of the Dallas Employees' Retirement System.

"The termination process should be easier than the selection process, but it's not. It gets more emotional," said Dave Eager, corporate vice president and national director of Meidinger Asset Planning Services Inc.

Janice Murphy, senior financial analyst for pension fund analysis at Pacific Gas & Electric Co., said the PG&E fund is in the process of drafting investment guidelines and policy that, in part, are designed to make the termination process less emotional and more objective.

Part of the policy covers reasons for a formal review of investment managers for periods shorter than a normal market cycle. A manager suffering from at least two of the four factors would be a likely candidate for termination, Ms. Murphy said.

The reasons include: an absolute decline in the rate of return twice that of the allowable variance; performance below the 75th percentile of an appropriate universe; reclassification of the manager's investment style and policy from the manager's previously stated definition; and a change in at least two of the principals of the firm or the fund's portfolio manager.

Ms. Murphy acknowledged termination still will be somewhat subjective. But she added the guidelines will help PG&E's man-

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